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ISSUE**

**YOUR MONEY**

# MACLEAN'S

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FEBRUARY 7 2005

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## THE SHOES OF THE DEAD

For a couple of days last week, the world recalled Auschwitz. That's not enough.

IN POLAND on assignment 13 years ago, I spent a day in the Majdanek concentration camp, one of the smaller, lesser-known but no less efficient killing grounds that the Nazis also created in places like Dachau and Auschwitz-Birkenau. Mentally, I had prepared myself for sights already familiar from wartime photographs and film footage: the barbed wire, the brick building that housed the gas chambers, the crematorium that would have been

almost continually in operation. An estimated 360,000 people—mostly Jews—were put to death here. But my emotional dream in the wooden hut that held the prisoners. Inside each were five slippers piled several feet high, running the length of each room. They were issued to prisoners upon arrival and reclaimed from their corpses after they were gassed. They rangled from adult sizes to tiny ones worn by children who were little more than infants.

That memory came to mind last week with the International ceremonies marking the 66th anniversary of the liberation of the biggest Nazi death camp, Auschwitz-Birkenau. Senior representatives of governments from around the world vowed never to let people forget, and never to let such a thing happen again. Some of the disheartening hand-

“The slippers were issued to prisoners upon arrival and reclaimed from them after they were gassed.”

ful of camp survivors talked about what they lived through, and those who had not been as lucky. For several days, a spotlight shone on one of history's darkest chapters, making it temporarily harder to forget or deny. But grand memorials and commemorative events don't always best evoke the real sense of tragedy. Small, intimate events, perhaps on a human scale, and remind us that past events have consequences that spill over to the present. In Warsaw, I visited the city's Jewish cemetery, where 300,000 burial plots are spread over 75 acres. I was the first visitor that day—although rabbits and pigeons made comfortable homes amid the quiet isolation and overgrown grass. That's not surprising, when you think about it: Poland's Jewish population, which numbered 3.5 million before the Second World War, was down to 7,000 people by the time I went there.

Without such direct human experiences, the past becomes mere victim to present-day

ignorance. An appalling example of that, as Peter C. Newman writes (page 38), is the recent sight of Prince Harry wearing a wartime German army uniform—replete with swastika—in a costume party. Peter has great cause for outrage. But as the Jews finally find their father-Czechoslovakia to escape their persecution of the Nazis. As he notes, the possibility that Harry could one day be king as the descendant of a royal line of republicans.

But that still wouldn't free us of our own present instance of institutional racism—the fact that one-time native leader David Attenborough has not yet been named one of the Order of Canada more than three years after he made a series of vehemently anti-Semitic statements. Since then, he's been denounced by virtually everyone, meeting with other nature leaders—but he remains an officer of the Order, which has as its motto *Desideramus meliorem patriam* (“they desire a better country”). There are so many reasons why that's unacceptable: some of those never get the chance to grow out of their tiny felt slippers.

Anthony Wilson-Smith

Anthony Wilson-Smith is Editor of The Editor's Letter.

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Canada's National Magazine

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## Change your perceptions

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"Well done! Let's stick to the big concerns like the environment and forget the ridiculous idea that same-sex marriage could ever be an election issue."

—Eleanor Jefferson, Fernie, B.C.

#### Earth, wind and ire

It boggles my mind that people either remain in denial about our planet's failing health or are just so self-absorbed that they think there is no need to change how they live and consume, even when those changes can save them money ("All easy ways to save the environment, and money too," Cover, Jan. 24). I wish that the same outpouring of empathy and support for the people of Southeast Asia could be duplicated for the crisis that is global warming. I just pray that the children of today will forgive the ignorance of my parents.

Wayne Ellison, Preston, Ont.

I was pleased to see Barbara Wilken's article offering tips for the sustainable use of our planet. However, as I flipped through the first few pages of that issue, I saw an advertisement for an SUV. Isn't it true your magazine took a small step for Earth by not advertising such cars?

Nicholas Amadio, Guelph, Ont.

You give some good tips on how people can make a smaller environmental footprint, but you omit the most important one: live near where you work. The tendency of Canadians to live in suburbs far from their places of work is our single most environmentally destructive phenomenon. The destruction takes place on two levels. First, the construction of new subdivisions directly destroys farmland and wilderness, and, secondly, the resulting automobile dependence pollutes the air. The best solution is to raise the price of gasoline to a level that reflects its true cost to the economy and society. Not only will the environment improve, but people's health will benefit as a result of the exercise they will get from living in the more car-dependent communities, and our urban areas will improve as a result of the disappearance of the ghastly subdivisions.

Mark Hershfield, Toronto

Your articles on saving the environment were timely, useful and generally thorough. However, I did notice two omissions



Disposable diapers contribute up to one-third of all non-biodegradable waste in landfills. The second reason is that most chemicals in shampoos and cosmetics are non-biodegradable and very polluting. If all Canadians asked for biodegradable cosmetics, our rivers and lakes, fish and waterfowl would be a lot healthier.

Brian Dolan, Campbell River, B.C.

The picture of a young lady on a bicycle may help illustrate the article about alternatives to polluting cars, but it doesn't do justice to safety. I don't know about the rest of Canada, but riding a bicycle without a helmet is illegal in British Columbia.

Charles La Verda, Victoria

#### Dropping the 'G' word

Judy Sgro didn't deserve the extra aggravation

One regularly cited phrase slipped into our Jan. 21 *Upfront* column, the description of former Immigration Minister Judy Sgro as a "50-year-old, middle-aged" woman. My girlfriend and I shared a chuckle from Kijewski's and Goss's imitations. "Why not," the *Wicks* or *Just*, like Germany or North Korea? Individuals, whether or not they are good-looking? Stick to us, *Maclean's*!

#### Dollar for dollar

Thank you for publishing a chart with details about the operations of Canadian charities in your story about the continuing efforts to help tsunami victims ("Where the money goes," *Report*, Jan. 24), and especially for noting that accounting practices among charities vary widely. For reasons wondering why *Our* Canada's north added up to only 91 per cent, please note that our charitable work within Canada was not included. Had it been, our total charitable expenditure would have been 63.5 per cent, not the 74.5 per cent you reported.

Rosly Stewart, senior vice-president, *Our* Canada Office

UNICEF Canada is committed to donor accountability and applauds *Maclean's* for its intent in providing a guide to Canadian charities and what they do with funds as part of your tsunami disaster coverage. However, your readers aren't well-served by what your writer acknowledges is an apples-and-oranges comparison: here are the facts for all emergencies, including the current tsunami relief appeal, UNICEF Canada's 90 per cent of the funds raised to international programming; efficient—UNICEF Canada's fundraising and administrative costs total only 10 per cent. For UNICEF Canada's overall fundraising throughout the year, approximately 76 per cent of charitable donations go to our programs, with a combined administrative and fundraising cost of 22 per cent.

David Aglins, president and CEO, UNICEF Canada, Toronto

In your chart, you indicated that The Salvation Army spends 76 per cent of its budget on charitable work. However, this number does not truly reflect the work and mission of The Salvation Army because it includes our domestic church work. For the year ending March 31, 2004, the direct expenditures in religious, social and relief work totalled \$374 million, or 83 per cent of our total budget.

Col. Glen Shepherd, chief secretary, The Salvation Army, Toronto

Editor's note: *Maclean's* dual calculations based on official filings the charities made to *Our* Canada's Revenue Agency. In fact, we noted that the charities differ in the way they report their data.



Morzycki, who designed the new Canadian War Museum, makes concessions that are 'too easy'.

#### Urban design myths

Architect Raymond Morzycki's claim of ego-driven flash among today's building projects is too easy to make ("The art of the building," *Architecture*, Jan. 24). Good architects are both sedate and urban designers. Witness Frank Gehry, who is designing the Art Gallery of Ontario's expansion. His Disney Concert Hall in Los Angeles is brilliantly positioned and imbued with an exterior grace, yet it is a great building in large part (and necessarily) because the accuracy of the hall as truly wonderful. How could a building be great if its external confidence isn't fully accepted? How could a building be great if it was only about glitz and upmanship? It is easy to regard our architects with superficiality, both in the architect's judgement and the client's motivation in selection, but it's a hard and largely meaningless argument.

Matthew Nathanson, director and CEO, Art Gallery of Ontario, Toronto

May we have more articles like John Golden's "The art of subtlety"? The visual culture needs to be presented intelligently, and the juxtaposition of different attitudes within architecture was enlightening.

Stephen Hughes, Wharfedale, Ont.

#### We all shine on

As I set down to read the third issue of my first *Maclean's* subscription, Anthony Wilson-Smith's editorial addressed "One other thing" that was a metaphorical paper cut to my stomach: Wilson-Smith leaving *Maclean's*.

say it isn't so! As a 16-year-old hospital journalist, he has taught me the value of life's little details and the importance of connecting with a brand (and rather spontaneous) crowd. Behind all of his wonderful anecdotal and playful language, Canada, in all its varying aspects, shines through. Wilson-Smith never directly told us to be proud Canadians, and yet he never shied away from it. It is merely a dig at the writing nature of what drives us together.

Rylee Benesch, Port Moody, B.C.

#### The health of the nation

Many tonight has it easily right ("A national diagnosis," *Upfront*, Jan. 24). Despite an \$18-billion, six-year federal investment in health, little has changed in terms of the quality of health care. This can be attributed directly to a lack of provincial accountability. Like pulled-up umbels, provincial governments lack unified Ottawa, blaming each other and the so-called split influence and federal invasion into provincial jurisdiction.

The bottom line, however, is the provinces have failed to hold up their end of the bargain. If provincial governments choose to cut taxes or divert public funds elsewhere, health care, despite the rhetoric, is clearly not at the top of the list. Unfortunately, it

sure it appears that Paul Martin is content to play the role of head waiter rather than prime minister.

Gordon Kuznetsov, Kootenay, B.C.

As a nurse who has worked on both sides of the border, I have seen the issues personally. In the United States, midwives, nurse practitioners and RNs are well-utilized by the system. Physician's offices run much more smoothly when nurses are employed to handle all the loose ends that leave patients feeling left out and unfocused. Fifteen years ago, I begged to my U.S. counterparts how superior the Canadian system was. Now I have come back to live in Canada and find the health-care system a shambles.

Van Murrill, London, Ont.

#### High-speed hoops

What concerns me about John Irlin's emphasis on the ability to retrieve information quickly as a measure of intelligence ("The remarkable generation," *Backlogs*, Jan. 19) is his confidence in information. He is wrong to suggest that the speed of retrieval from an information system is the most useful clue to intelligence. For a more useful clue, one would need the outline of someone who has spent time putting those facts into context. I fear that the speed factor can leave people, regardless of generation, as a false sense of intellectual security. One of the benefits of having a lot of time on one's hand rather than on one's fingertips is the natural thought that all heads think together over time. *Intelligence* is a head-to-head to *intelligence* rather than a substitute.

Liane North, Port Huron, Ont.

The "remarkable generation" (1) It's a good thing, but it has no basis in fact. I teach high school English, and the number one barrier to learning among my students is that all they want is information, not that they don't know enough information. Most students lack the motivation to use their minds at all these moments, on the other hand, work hard. Simply put, don't give an exam question on whether or not the man in the hat, unless of course you're already given the proper research tools. For most, Internet "research" is the same way. "Oh, how do I think? Just, I'll look it up." *Intelligence*, *Intelligence*, *Intelligence*.



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This issue brings you "Your Money: Maclean's Guide to Investing," The first of two special issues in 2005 devoted to the subject of "Your Money." It reflects our new hands-on approach to delivering the topics that matter to you and your family.

Roughly once a month, we'll devote a section of Maclean's to one of your vital areas: Health, Money, Work or Travel—bringing you useful, practical roundups that you can take with you to the bank, gym or dinner table. Along with comprehensive coverage, each section will help you reach beyond the pages of Maclean's, connecting you to websites, publications, television programs, professional resources and other sources from across the media spectrum. As well, you'll have the opportunity to email experts with your questions; answers will be posted on our website, [macleans.ca](http://macleans.ca), within 24 hours.

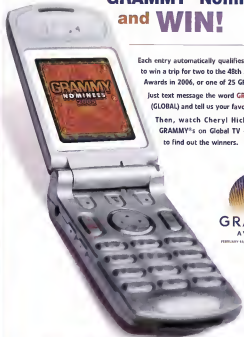
Adopting the "more is more" philosophy, many of these new sections will expand on some of our most popular cover issues, such as *The Best Places to Work in Canada*. "The Macleod's Guide to Investing, which was previously known as "Personal Finance," explores the world of mutual funds, including key themes for fund selection in 2005," says Editor-at-Large Joanna Rechner, who supervised the package. "We also look at how to avoid the mistakes average investors often make when investing."

Watch for the next special issue, "Your Summer Vacation," in the April 4 issue of *Minchner's*.

Help shape what's inside Maclean's by registering as a member of the Maclean's Advisory Panel at [www.macleans.ca/3p](http://www.macleans.ca/3p). For further information about this article, contact [bobad@thesunnews.macleans.ca](mailto:bobad@thesunnews.macleans.ca).

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## UPFRONT

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### Politics | What's up with Harper and same-sex marriage?

To many folks, including a bunch of law profs, Stephen Harper's headline stand declaring the traditional definition of marriage looks crazy. His decision to run ads opposing same-sex marriage surprised most in his caucus and had some big-city Conservatives fretting privately that their party was reversing its social Reform stance. They see Ontario MP Belinda Stronach, Harper's old leadership foe, who supports gay marriage, as representing the more cosmopolitan Conservative stance. So far what does Harper hope to accomplish? Most advanced counts of MP voting intentions suggest the Liberal bill to enshrine same-sex marriage will easily pass to first hurdle this week when it is introduced in the House. The bill would then be turned over to a Commons committee for possible amendments—where the Conservatives

would really begin—before returning to the full House for a final showdown sometime in the spring. But to understand Harper's position, consider the timing: the new Conservative party's first policy conference is set for mid-March in Montreal. Heading into that key vote, Harper had been under attack from his right for steering the party in a moderate, Toryish direction. Now, as traditionalist Conservative champions, has been fiddling around social conservatives should be in good shape, helping him within the party. In addition, one Conservative insider explained, Harper's enigmatic stand gives him "definition as a decisive leader"—as opposed to Prime Minister Paul Martin, often accused of dithering. Harper, the theory goes, can lose this week's vote in the House and still be strengthened to fight another day.

**Quote of the week** | 'Heaven forbid, but if Her Majesty Queen Elizabeth were to die, if Prince Charles and Prince William were to die, I would have a fundamental difficulty swearing allegiance to King Harry.'

Barbados Prime Minister OWEN ARTHUR, announcing plans to make the Caribbean island a republic

### ScoreCard

**JAN. 24**  
British "homicide" psychologist Cliff Aswell finds most depressing day of year by having female—(W-10-12) (12)—Male—to avoid a week of, dear, days since Christmas, and other nasty stuff. Lillian here for depressive slanders, drop calculus.

**JAN. 24**  
Software mogul doubles donations to Third World vaccine program by a further \$25750 million. A wonderful life-saving idea. Could make similar contribution to world mental health by insulating his products with computer anti-virus.

**JAN. 24**  
Alberta's Coleen-Mont GG's blue scarf would have wanted Alberta, had she attended funeral of 11-100 Lois Hole. Not so in Ontario, as Canada's red at inauguration of President Wladimir Putin. Blue was colour of losing side so, you know, the Orange Revolution.

**JAN. 24**  
Belinda & Peter confirm the MPs Stronach and Mackay confirm they're not too with each other. Planning development for Louis Stephen Harper, if he's forced to kneel, isn't that same-sex marriage?



## Mansbridge on the Record



## SCRUMMING IN BEIJING

Martin's travelling road show brought a lesson in democracy, Canadian-style

THE SCENE in the Beijing conference room made the Chinese in attendance take note. There in front of the cameras sat Paul Martin, trying to explain the importance of his trade mission, but instead he was being grilled by reporters about whether he was tough enough on the human rights record of the country in which he was a guest. And there, behind the cameras, sat Jason Kenney, the Conservative MP shadowing Martin and criticizing him at every opportunity. And sat next enough, with the Prime Minister barely out of the room, there was Kenney, attacking reporters like media to a whining light, scurrying on everything from trade with China to sensitive minorities in Canada. It couldn't be democracy in action, inside, of course, as it was happening in one of the world's last bastions of Communism.

Now here's another scene, also interesting for what it says about democracy in action. The Washington Post once showed the other day—the "real" story, it claimed, of what happened when Martin and George W. Bush were two months ago. According to the Post, Bush seemed to get angry as he sensed Martin waffling on the issue of defence aid to Taiwan. The President, fresh from his re-election victory, leaned toward the PM, waved his hands and said "I don't see a demand here. Are you saying that if you go up against this is necessary for the defence of Canada, it wouldn't be acceptable?"

The Post doesn't record Martin's alleged reply, but does suggest there was an

exchange about how the politics of muscle defence in Canada makes it hard for Martin to be precise on his monochromatic plea. And there in lies the interesting part, because this story tells us more than just the differences between two neighbours. It describes one politician who will never seek his country's top office again and another who almost certainly will. The differences are those who are constrained by symbolism and those who are not can clearly affect how decisions are made. Bush saw some quite baldly about doing exactly what he wants, convinced that what he wants is right, and he doesn't seem interested in hearing from anyone in or out of his inner circle.

Then there's the Prime Minister and, for that matter, his opponents too, and a very different set of circumstances: the minority government policies of the ministers seem to cover almost every decision, on matters that the issue.

So, as democracies go, who's got the best system? Opinions often come split. Those who say our neighbour do maintain that a ministerial office presents a constraint from getting in, and they don't have much trouble pointing to examples of that. But those who favour unrestrained candidacies, which often call for weighing political considerations, argue just as convincingly that the desire to be re-elected can be a watering, second-thought mechanism, preventing ideological runaway trains.

In China, of course, there's no debate. The only constraints there are ones that are in house arrest or prison cells, and opposition press are something most people have never heard of. As the Canadian scientific scene to a clinic, a Chinese journalist writing next to one turned and declared "interesting. Very interesting."

Paul Mansbridge is Chief Correspondent of CBC Television News and author of *The Mandate to Confront*. [pmans@cbc.ca](mailto:pmans@cbc.ca)

## FaceTime



## Facsimile

It may well be a high-stakes bluff. But lawyers for the former PM say Kenney has now seen his ally's alleged misdeeds. Justice said Kenney to stop down as head of the sponsorship agency and limited they might take the matter to reveal Court of the world. At issue is Kenney's alleged bias. In a series of December interviews, the judge suggested some witnesses were lying, called the proceedings "the best show in town" and described an "all-town chess" Kenney's use of personal, sponsorship-

supplied golf balls with his signature. The bid is now in Kenney's hands. He has denied he's biased and asked the agency by suggesting he might take Kenney to court if it doesn't allow him access to unrelated Charities and cabinet documents to determine himself what is relevant to his memory. That's not the move of someone looking to stop made muddy. If he doesn't, most observers expect whether Kenney will take the matter to court. It may be enough just to place the seed that he's being and early the end.



The big stretch. She was the epitome of the loyal secretary, and the subject focus of one of the most popular U.S. politicians who raised 18 million of White House tape its imitated president Richard Nixon discussed the recent Watergate scandal in with his most trusted aide to know? Rose Mary Woods, who did that week at 87 in a 60-minute interview. Should read the

blame at first. But the ludicrous image of her discrediting for the special prosecutor how she may have inadvertently caused at least some of the tape strains of what is the remainder of Nixon's credibility on Capitol Hill and surely contributed to his resignation in August 1974. If she actually knew more about those missing minutes of American history, she never said.

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## WORLD

**MAO COW** European scientists have discovered mad cow disease in a French goat, the first known case in an animal other than cattle. The goat was slaughtered in 2002 and was thought to have had scrapie, a related brain-wasting disease, but not one believed to have an effect on humans. It's taken scientists two years to confirm their suspicion.

European officials say the health risk is minimal because none of the goat's herd entered the human or animal food chain. Still, they intend to test at least 200,000 goats in 25 EU countries over the next six months.

**AUSCHWITZ** In a somber ceremony, which began with the recited names of an approaching train, world leaders and Holocaust survivors gathered at Auschwitz to mark the 60th anniversary of the liberation of the Nazi death camp by Soviet forces. Russian President Vladimir Putin was glad to acknowledge that anti-Semitism had existed in Russia again in Russia, and for saying he was determined to stamp it out. Meanwhile, European politicians talked about banning Nazi emblems, an issue that galvanized debate recently after Britain's Prince Harry wore the swastika to a costume party.

**STAMPEDE** Over 250 Hindu pilgrims in western India were trampled or burned to death in a crowded passageway leading to

**SCHOOL'S BACK**

Children with new UNICEF-supplied tents, rare to find in tsunami-ravaged Aceh, Indonesia's. Authorities say over 700 schools were destroyed by the tidal waves and more than 1.75 elementary schools to others lost their lives.

a hilltop temple. Devotees stampeded after a huge fire broke out among village purifiers. It was caused either by an electrical short circuit or, some accounts said, because

angry relatives set fire to the ash after losing family members had been smothered in the slippery temple steps, awash with slings of milk and oil.

**BANFOR** Just weeks after signing what was supposed to be a historic peace agreement to end over 10 years of civil war, the Sudanese government was reported to have bombed a rebel village in the troubled Darfur region, violating the ceasefire. African Union monitors said over 100 villagers were killed.

**TRINITY SUSPECTS** Trinitas will no longer detain foreign terrorism suspects for long periods without trial—as Canada and the U.S. have been doing. In a policy reversal brought on by a court ruling in December, the Blair government said it wants a law allowing it to impose "control orders" on suspected security threats. These range from curfews to house arrest and electronic tagging.

Female war reporters at the U.S. facility in Guantanamo Bay, Cuba, tried to break down devout Muslim prisoners by sexual teasing and wearing provocative clothing, a new report says. In one case, a Saudi man's face was slashed with what he was told was menstrual blood, a religious taboo.

**FUSHCHENKO** A day after being sworn in, Ukrainian President Viktor Yushchenko flew to Moscow to meet Vladimir Putin, the man who had backed Yushchenko's opponent in

Ukraine's postponed electoral battle. The westward-looking Yushchenko, who made good relations with his big neighbor, but he also **upstaged his handspeak** by appointing his fiery ally Yulia Tymoshenko, so far of Putin, to be prime minister.

**NORTH KOREA** The UN's World Food Programme wants more international aid for North Korea amid reports that the secretive regime has **cut daily food rations** for the two-thirds of the population receiving government help to 250 grams, which is half a person's daily caloric need.

**TURKISH BOMB** The controversial burial cloth that believers say wrapped the body of Christ may be as old as the Crucifixion after all. Scientists 1988 dated the shroud to the Middle Ages. But a new chemical analysis—of more than just thread, perhaps parchment, and of previous tests—concludes the shroud between 1,300 and 3,000 years old.

## CANADA

**ATLANTIC ACCORD** Months of public wrangling over how to share the massive revenues from offshore oil and gas ended with Prime Minister Paul Martin and the premier of Newfoundland and Nova Scotia

reaching a **multi-billion-dollar settlement**. The deal gives the two provinces 100 per cent of offshore contracts with no reduction, or "drawback," of capitalization payments until 2012. Newfoundland gets an **advance payment** of \$2 billion of the estimated \$2.6 billion in offshore resources will produce over their period. Nova Scotia gets \$530 million now, agreeing to share three quarters of its estimated revenues. The deal was much after more than 10 hours of negotiations in Ottawa.

**DEFAMATION** Warning to clear her name, former immigration minister Judy Singh threatened defamation suits against persons over her Singh and three others who distasteful she offered to fix Singh's immigration problems if he helped with her election campaign. She also immediately rescinded her comments, but Singh's legal difficulties grew as the defense lawyer trying to help her raise all documents accepted to quit, citing new evidence. Her request was denied by the tribunal hearing his appeal.

**SAVER SORROWS** Shall we say in tonight and watch a DVD? That's been happening enough this Famous Began, the country's largest cinema chain, charged \$4 off its Ontario ticket prices, a move that may **sway the country**. Top prices now \$9.95—no word yet on popcorn.

**ANOTHER BODY** Edmonton police and RCMP are investigating the mysterious death of a 19-year-old prostitute whose barefoot and frozen body turned up in a trucking lot in the city's north end. The case has been turned over to a special police task force that is investigating the slayings of 10 Edmonton area women, all of whom were in the sex trade, who have been killed over the past 10 years.

**PRINCE** In a blow to Nancy Parham, the Supreme Court overturned the four-year-old conviction of Blamire, B.C., man whose neighborhood called the cops when they spotted him masturbating in his living room—when he had to resort to masturbation to get a better look. A harassment victory, the court's ruling that a man's lewdness, well, his living room—can be a bit for the man in question. Now retired, he already served a four-month sentence for public lewdness and has been his name carved forever into the words of Canadian law.

BY TIM DOUGHAN

**MURDER IN RUSH HOUR**

Eleven people were killed and almost 200 injured as two passing commuter trains crashed into each other at high speed in a Los Angeles suburb during early morning rush hour. One of the trains derailed after striking a jump clearance that it shouldn't have. One of the trains derailed in a tracks. Police reported a 25-year-old driver died after crashing in "homicide" and charged his wife with murder. He apparently drove off his seat about taking his own life, and left the SUV just before the first train struck it.

Mary Janigan | ON THE ISSUES



## MISSION IMPOSSIBLE

Ottawa must deliver more cash to cities while keeping smaller communities on side

WHILE PAUL MARTIN walked abroad in January, his shadowy entourage was trundling through village gates from the Northwest Territories to Newfoundland. John Godfrey may be making infrastructure agreements with provinces and territories, dealing with requests and prodding funding local projects, but the former minister with the grand title of Minister of State for Infrastructure and Communities is often bringing as much to Indians as out. Rural communities are sitting at big camps in the competition for funds, regions are vying with each other. And when Godfrey calls on Ottawa's New Deal, citing those words with visionary post-humous hopes often point to their perilous. He is an unenviable position.

But he is coping with dogged aplomb. He has dealt with six provinces and 11 territories so far on the \$1 billion, five-year Municipal Rural Infrastructure Fund. He is struggling to finalize pacts with those same governments to divert a portion of Ottawa's gas tax revenues into "environmentally sustainable" municipal infrastructure. "At every stop, he tells his New Deal, which will focus the hodgepodge of federal programs affecting cities, such as infrastructure, urban, and a coherent urban approach that involves provinces, city councils and urban groups."

But the real test will arrive with the coming federal budget, when those other governments learn just how much Godfrey has secured for the next year. In the last election, Martin sought out urban needs as one of his three key themes, pledging \$3 billion from the gas

tax alone over five years, including \$2 billion in the final year.

Most of that money should go to large urban centres where populations are growing fast—and needs are especially pressing. But, in a minority government, no hamlet is too small to miss out on the handouts. So, somehow, if only to show Ottawa is serious, Godfrey must secure a big chunk of that \$2 billion in gas tax revenues this year. He must show cash allocation deals with competing provinces, ensuring most of the money goes to larger cities—despite the wrath of rural MPs. To placate them, he may have to allocate more cash for some of Ottawa's 100 existing infrastructure programs, which cover everything from Prairie grain roads to rail networks. "It's a really intractable problem," says Glenn Miller, vice-president of the Canadian Urban Institute. "And the big concern is that any money Ottawa puts in that will convince provincial governments to reduce their commitments to cities."

Urban needs are mixed bagging. Experts peg the value of existing civic infrastructure at \$16 billion—more than half will reach the mid of lifespan in two decades. Toronto alone is hit with more than 1,500 water main breaks each year, one recently shut down power to the city core.

So Godfrey keeps gamely cross-tossing the urban, juggling bonds, showcasing his progress in individual deals. In mid-January alone, he hit his prime deal with the weekly releases, he has won provinces and territories to "co-fund" "Things from my perspective are under control," Godfrey mutters. "I am feeling comfortable, not overwhelmed." In fact, he is doing an almost impossible job with grace. The strain is now on Martin. He promised more than Ottawa can afford to deliver. Or can he reach his minister's vision with enough help?

Mary Janigan is a political and policy writer. Her e-mail address is mjanigan@shaw.ca.

## Passages

DIED He was a lawyer and businessman of few words but deep conviction, colleagues said. Fraser Elliott, along with his lieutenant Howard Solomon, built a small but law partnership. Most of Elliott's work was Canada's largest corporate law firm, Solomon Elliott. He had over 400 lawyers, with offices in nine countries around the world. A smart collector and philanthropist, Elliott died of heart failure while in his Toronto home. He was 83.

REVVED Canada can boast some impressive race car drivers. Now it has a legitimate racing mogul. Rossini-born, Canadian-educator entrepreneur Alex Shaulder, 36, whose Toronto-based Midland Group runs billions annually trading commodities, bought Irish sportsman Eddie Jordan's Formula One racing team for an estimated US\$50 million.



RESIGNING John Reynolds, the B.C. MP and Stephen Harper's second-in-command, stepped down as Conservative House leader and will run in the next election. Reynolds, 63, whose political career spans three decades and nearly every incarnation of the right—from Progressive Conservative to (provincial) Social Credit and federal B.C. Tories—said he needs to spend more time with his family.



DIED A novelist, playwright, CBC exec and broadcast regulator, Harry Boylson has been remembered as one of those pioneer programmers who gave lasting shape and purpose to CBC radio and TV in the halcyon 1950s and '60s. A talent spotter who promoted comedians Wayne and Shuster, among others, Boyle died in Toronto at 89.

DIED Philip Johnson, the innovative U.S. architect who changed the skyline of post-Second World War America with his glass-skyscrapers, died at his Connecticut home. He was 98.



Tsunami | ALEEN CARROLL

## 'WE NEED TO APPLY ALL THE PRESSURE THAT WE CAN'

HAVING PLEDGED BILLIONS to assist tsunami-ravaged Southeast Asia, western governments are searching for ways to maintain control over the aid. It's a logistical and diplomatic challenge. In Indonesia, President Susilo Bambang Yudhoyono has already said he wants foreign troops to go by March 26, while his government is restoring the momentum of international aid workers whose agencies oversee the foreign assistance effort. Aleen Carroll, whose duties as Canada's minister of international co-operation include oversight of the country's \$425-million aid package, addressed those concerns.

What do you make of the deadline set by Yudhoyono?

It's not a tough deadline as it stands.

But I do think there's concern on the part of the Indonesian government about the number of foreign troops in there. You have,

at its coast, more than 4,000 foreign soldiers, and while they're engaged in terrific humanitarian relief, perhaps it's not a sense of wanting to see a gradual exit for them. It's not my understanding that the deadline applies to humanitarian aid workers, and we're in the government and in the Canadian International Development Agency plan to be done for the very long haul.

But it seems obvious Jakarta wants a reduced foreign presence on the ground. Could Canadian aid money begin flowing through the Indonesian government?

No. Our money is channelled through the aid organizations and through the United Nations. We will work with the Indonesian government in the establishment of priorities, but they won't become recipients of funding. I've been very direct in my conversations with the Indonesians, and will continue to be, in the interests of bringing these communities back to life.

I visited refugees in some of the coastal towns of Aceh who think the military is already diverting aid to the black market. What can be done about that?

I don't have evidence of that, but I think we need to apply all the pressure that we can when we have these kinds of things. We can also work through the UN Office for the Co-ordination of Humanitarian Affairs—that's another call I think I will make to ensure these concerns. In Aceh, I recall meeting one woman in a high school who came over to speak with us, and she weaved down. "You need to make sure that the aid goes to the people," she told us. She told us that, quite frankly, the aid shouldn't go directly to the government. I explained to her that Canadian funding was going to agencies like CARE and the Red Cross.

Right. But in at least one village I noticed that Indonesian soldiers were the ones handing the relief. What can aid agencies do to make sure aid reaches the right hands?

The best they can—like of course, I guess, it will be important for donor countries that have really stepped up to the plate like Canada, to put solid pressure on the government as far as transparency goes, and keep the channels of communication open to convey those expectations. We have every right to do that, and I think Canadians expect me to do that. CAROL ANN GILLIS



# DREAMS OF PEACE

The thaw may only be temporary, but the possibility of finding a way out of this grinding conflict is raising hopes. JONATHAN GATEHOUSE reports.

**A COUPLE ARE** dressed in track pants and sweaters, one is wearing flip-flops, but the half-dozen Palestinian security men loitering around the campfire at the edge of the Gaza Strip all have Kalashnikovs dangling from their shoulders. That they are there at all is progress. That they are standing with their backs to the Israeli border—and occasionally step away from the light and warmth to scan the garbage-strewn fields around them—is cause

for optimism. In mid-January, three militants made their way past this checkpoint and attacked the Karni crossing, less than a kilometer away, with bombs and gunfire, killing six Israelis and wounding five. On this night, two weeks later, the Palestinian commander is hoisting of howl, just a few hours before, his men killed an airstrike by Hamas member launchers and across the border. "We had a big argument and they went home," says the captain. "We used very strong words and told them they can't do this anymore."

If not exactly a crackdown, the efforts of Mahmoud Abbas, the new Palestinian president, to prod militants toward a ceasefire appear to be

**This new PA is taking steps such as dismantling illegal restaurants (right)**

bearing fruit. From the West Bank, a face-to-face meeting between Abbas, popularly known as Abu Ma'mun, and Israeli Prime Minister Ariel Sharon could come as soon as next week. And there are increasing hopes that an end to the 4½-year-old intifada and a rejuvenation of the peace process may suddenly be more than a distant dream.

Whether it is a temporary thaw or a global warming of relations, the possibility of finding a way out of a grinding conflict seems to have motivated some previously implacable foes. "The conditions have been created that will enable us and the Palestinians to reach a historic breakthrough in our relations," Sharon, usually a reliable pessimist, pronounced last week. In Gaza, Hamas, the group's most powerful militant group—is busy turning its focus to domestic politics (it was control of seven of 30 local councils in Gaza's first-ever municipal elections) and basking at a moment of change of heart.

Peaking between television appearances and then on his increasingly ringing cell phones—one plays Scotland for Brave, the other We Wish You a Merry Christmas—Muhammad al-Battat, the group's spokesman, told Ma'an that Hamas might now be willing to co-exist with Israel provided it returns to its pre-1967 borders. "We would not prevent such a thing from happening," he said, smiling. However, the group has a



lengthy list of demands that al-Ma'an says Hamas met before such a negotiation or even ceasefire, including the release of detainees, the return of the corpses of its "martyrs," and most importantly, a promise not to assassinate any more of its leaders. "We say the resistance has something to do with the occupation," says al-Ma'an. "We can't let our

hands when the Israelis attack us."

But the decision of whether to keep on fighting may no longer be solely up to the militants. Abbas, who won election by promising not only to bring an end to the political violence, but to halt rampant crime and corruption in Gaza and the West Bank, is riding a wave of popularity. Outside al-Ma'an's

office, there was a noisy demonstration taking place, not against the Israeli or in support of one of the factions, but in protest over a recent murder. The victim's family was demanding that Abbas order the police to bring charges against the alleged killer, the son of a prominent Gaza family. "We used to speak of these things, but only behind

closed doors," one of the bystanders said.

The day before, the president was lauded for having local businessmen move in and demolish a row of beachside restaurants and claims that had been illegally built on public land over the past four years. Most were owned by people with personal ties to Arafat and his regime. Abbas has also told Palestinian state television to run independently reporting the news, and stop the type of lavish praise it routinely heaped on every action taken by Arafat or his government.

Still, despite public support and the respect of police officers in their distinctive blue camouflage uniforms on almost every street corner in the strip, ensuring both internal and external security will be an epic political task. The various militant groups are heavily armed and have no national control leadership. And over the past 4½ years, the lines between the fighters and the doom PA agencies charged with keeping the peace have become rightly blurred. Behind the locked doors of his office at central police headquarters, Major Abdel Nabil, chief inspector of the crime department, says he is hoping co-optation was out over confirmation. "We don't want a civil war," he says. "We want these movements to peacefully give up their weapons, to convince them that this is right." Abdel Nabil, a thin, DeVito-like man with a self-proclaimed "gift" for discerning motives, himself by once harboring (according to him, I was lucky to be at liberty), admits to having named sympathies. A former minister for Fatah, he spent a decade and a half in Israeli jail. "I can't say 'thank you' because they took 15 years of my life," he says. "But I'm not against peace."

The transition from warrior to peace maker will be no more comfortable—al-Ma-

tricky—for Ariel Sharon. After years of arguing that Ariel was the roadblock to peace, he suddenly finds himself facing the type of Palestinian counterpart that he always maintained didn't exist—a moderate who seemingly has both the desire and the clout to control the militant groups. Forced to form a new coalition with the Labour Party in early January to avert his fledgling government's collapse, Sharon must now pay heed to the peace hawks left and the rapidly rising expectations of the Israeli public.

Rossi Berlin, Israel's former peace minister who, along with Abbas, was one of the architects of the Oslo peace process, characterizes his friend's decision as the PA presidency as a once-in-a-lifetime opportunity. "That he become leader of the Palestinians is amazing," says Berlin, now the leader of the left wing Yehud Party (SD). "It's the closest thing to a revolution you can imagine. He is a man of honour." Yet Berlin says he doubts the Sharon government—which has been aggressively building a security barrier and pursuing a plan of unilateral disengagement—actually intended a permanent solution to the Palestinian problem. "I think the prime minister would like to go to the second stage of the road map for peace [a provisional Palestinian state] and say there," he says. "But Sharon will want to go to the third stage [the permanent ending of border and seating of the question of Jerusalem]. I can see a potential collision."

Government officials are trying to keep a lid on expectations, cautioning that the way forward will be long and bumpy. "Our concern about a ceasefire is that it could just become a truce for these terrorist groups to replenish stocks, train fighters and recruit suicide bombers," says Matt Rogers, a Ministry of Foreign Affairs spokesman. The crowded Jerusalem café that he has chosen for the interview was the scene of a suicide bombing in September 2003 that killed seven people and wounded 59. "Things are very fragile," says Rogers. "You have a big terrorist attack like this one here and everything will be thrown out of balance. Everybody knows Abu Mazen can't prevent every attack, but the question will be, is he doing everything he can?"

The government is also anxiously looking ahead to plans to abandon Gaza's 21 Jewish settlements, perhaps as early as this July. The controversial pullout plan, hatched as part of Sharon's unilateral disengagement



In a small sign of goodwill, Israel released detainees at the Erez border crossing

strategy, is fiercely opposed by the country's religious right. That is why Sharon's Likud party now finds itself in an uncomfortable coalition with Labour. And while Israeli peace-lovers and Palestinians approve of the forced evacuation, settlers, who number only 8,500 in Gaza, but 238,000 in total, are on the edge of revolt. Many fear the plan is just the beginning, and that many more settlements—the bulk of the 150 communities

in the West Bank and Golan Heights—will be on the table if negotiations resume.

Shaul Gidron, the mayor of the Gush Etzion settlement near Bethlehem and vice-president of the national Yehudim Council, doesn't mince words about Sharon's plan. "We were raped by the Oslo Accords and now we are being raped again," he says. Violent resistance, though condemned by his organization, is all but inevitable. "In everyone's heart is to say No. Will there be some compromise? Yes," Gidron stands at the window of his office in a stone building on a high West Bank hilltop. "For us this is Jewish

land. It is marked in stone," he says. "Every morning, I drive to work on the same route that Isaac and Abraham walked. David was born here. He fought Goliath down the hill. If we don't belong here, what claim do we have to Hebron or Tel Aviv?"

On the crowded, filthy streets of the Jabalya refugee camp in Gaza, the stronghold of Hamas and Islamic Jihad, it's also not difficult to find people who hold a dim vision of the future. Peace would be nice, says Sabah, a young mother of five. But not in any price. "We must have our dignity," she says. Her friend Khadija, who also has five young children, agrees. "No concessions can be made," she says. "Jerusalem is our right."

These days, except for the fortunate few like foreign diplomats and journalists, crossing from Gaza to Israel is impossible. Layer upon layer of barriers have been added to the main Erez border crossing in response to each attack. The once open road is now surrounded by concrete walls, razor wire, coating towers and electronic gates. Walking out of Palestinian defiance into the Israeli high lights, Ben-Zioner shouts about women young men laughing and jumping, gleefully running toward the distant birdcage of Gaza City. They are wearing matching grey avian suits and no shoes—detainees, the first wave of an as yet unknown edged clearing of Israeli jails. The goodwill is now flowing in both directions. The question is how long it will last, and how far it will go.

photo: www.gazetvnews.com; photo: www.ynet.com

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# MUTUAL MISERY

Though sales are up, mutual funds' glory days are over. STEVE MAICH explains why.

**CANCEL THE FUNERAL** arrangements for the mutual fund industry. It turns out all that talk about small investors turning their backs on funds on money and putting their hard-earned money elsewhere was a false alarm. Despite a decade of the past year coping with brutal publicity, customer discontent and an unprecedented regulatory whiplash, Canada's fund companies say they're doing just fine, thank you very much.

In December, sales of Canadian mutual funds surpassed redemptors (the money pulled out) by \$1.3 billion, making the month a first and to a remarkable recovery from 2003, the worst sales period in record. Last year, sales exceeded redemptors by \$14.7 billion. To put that number in perspective, Canadians spent 23 per cent more buying mutual funds than Americans spent going to the movies. By the end of 2004, this country's fund industry controlled assets of \$497.3 billion, more than two-and-a-half times Ottawa's entire budget. Tom Hodkin, head of the Investment Funds Institute of Canada, crowed that these numbers were proof of the public's "enduring confidence" in mutual funds and the people who manage them. Yet, seems small investors have forgotten ethical lapses, lousy performance and exorbitant fees, and plainly returned to the world's most dubious investments.

At least that's what fund companies hope. Scratch a little beneath the surface of the recent results, however, and it becomes clear the industry is not as healthy as it seems. Consider, for example, that not only in 2004 were just over half what they were in 2001, when returns began to slide, and less than a third if the record in 1997, when Canadian funds pulled in a record \$31.9 billion. Or consider that, even after two solid years of stock market gains, Canadians yanked \$3.7 billion out of equity funds—their high-flier stock bundles that are the industry's staple.

None of this is huge surprise to Glorienne Stenborg, a former member of the Ontario Securities Commission and a long-



**SALES PICK UP—BUT FOR HOW LONG?**

After a year of net redemptions, Canadians paid back to net mutual funds last year.



ALL DOLLAR FIGURES IN CANADIAN CURRENCY. SOURCE: INVESTMENT FUNDS INSTITUTE OF CANADA

## FUNDS LAG THE MARKET

A comparison of the average performance of Canadian equity funds versus the overall market over the past decade begs the question: what are all those investment fees paying for?

The fund industry's goal of saying that its products are a safe and conservative way to build a diversified portfolio of investments. To prove investors are attracted by financial papers and herd by the sales of researching investment options, the industry marketed slickly, and marketed it very well. But simplicity is no substitute for performance. So we wouldn't buy a car that can't make the speed limit just because it's nice to operate. Why do that with your savings?

Mutual fund companies like to preach goodness (consider ABC's famous "Buy Hold, And prosper" slogan). But a look at fund per-



NOTE: S&P 500 INDEX IS A COMPOSITE OF ALL INVESTMENT FUNDS TRACKING THE S&P 500 INDEX. SOURCE: INVESTMENT FUNDS INSTITUTE OF CANADA

more advocate for the rights of small investors. The industry is suffering because of an inherent conflict of interest, she says. Fund companies make profits from their clients, not along with their clients. The companies get rich by charging you fees. If the funds actually perform well, that's great.

As a result, the industry has lost its focus on protecting its customers (if fund holders). And investors are beginning to make the displeasure felt, putting money into other investment options, such as hedge funds and low-cost index funds, which are growing much faster than traditional funds. "Mutual fund companies have forgotten who their clients are," Stenborg says. "They're focused on servicing financial planners who sell the funds rather than the investors who own them. And that has taken those companies down a path that may prove life-threatening, because the very people who would be buying mutual funds are questioning whether they want to buy them at all anymore."

## PERKS OF TOO MUCH FINANCIAL

Not so long ago, that kind of questioning would've seemed ridiculous. Overstating mutual funds was the accepted means of tarring the

**'FUND' companies have forgotten who their client is. They focus on planners who sell the funds, not the investors.'**

retirement. GICs and Canada Savings Bonds were okay for widows in fund incomes, but if you wanted true security in your golden years, mutual funds were the only way to get it. They practically sold themselves, especially when the markets were booming.

The fund industry's goal of saying that its products are a safe and conservative way to build a diversified portfolio of investments. To prove investors are attracted by financial papers and herd by the sales of researching investment options, the industry marketed slickly, and marketed it very well. But simplicity is no substitute for performance. So we wouldn't buy a car that can't make the speed limit just because it's nice to operate. Why do that with your savings?

Mutual fund companies like to preach goodness (consider ABC's famous "Buy Hold, And prosper" slogan). But a look at fund per-

# PITFALLS OF THE FUND MANAGER

Why the pros who run funds can't beat the market

**HOW HARD CAN IT** possibly be to work as a mutual fund manager? People give you an index money, you look at the list of stocks in an index and pick the best ones. Select more winners than losers and collect a fat bonus. Seems like child's play. So how come so few fund managers can beat the index consistently?

Well, the answer to that question is equal parts mathematics and human nature. First the math. Mutual funds charge their clients annual fees, usually expressed as the management expense ratio. Say your fund charges two per cent. That means the company takes \$2 a year for every \$100 you have invested, regardless of how the fund performs. For the manager, that means he has to beat the benchmark index by two percentage points every year to cover his fees. If the market rises eight per cent in a year, the manager has to get at least a 10 per cent return, or else his clients would be better off investing in a low-fee index fund.

The thing is, it's amazing that margin is extremely difficult. Nobel Prize-winning economist William Sharpe explained in a 1991 paper that the average return of all investors is equal to the overall market return. So if the S&P 500 goes up 10 per cent, the average investor gained 10 per cent. But funds then deduct fees from those returns, meaning the average manager will always underperform the index by the fees he charges. This, says Sharpe, is an intractable flaw of the industry.

The human nature part is a little more complicated. Savvy investors will tell you that the key to getting superior results in the market is to be contrarian. That means buying stocks when everybody else hates them, and selling the ones that everybody loves. The problem is that the higher a stock gets, the more expensive and thus less appealing it gets. And yet the cheaper the price becomes to buy it, since everyone is so riding it, betting the bets requires a fund manager to predict where the crowd is going.

And to get there first, before everyone else chases it. But many managers are undermined by the need to always appear to be on the right track, which forces them to follow the crowd rather than lead it.

Say you're a fund manager and you're thinking XYZ Corp. is a dog. You say it's overvalued and load your money into Acme Inc. instead. If XYZ happens to do better than Acme, you'll soon feel compelled to abandon your conviction and buy it. Why? Because the higher XYZ rises, the greater its weighting in the index, and the further behind the market you fall. When XYZ jumped from \$3 to \$5, it hurt—but if it goes from \$3 to \$7, it'll be excruciating. And if you've made a few bad bets like this, your job will be on the line. This is where Bay Street peer pressure kicks in. With hundreds of other fund managers facing the same dilemma, none can risk a XYZ's stock, downward even higher, and risking a pile of pressure on the shoulders of five who resist. This is exactly what befell dozens of managers last year when Nortel Networks shares took off, and later crashed.

There are some bad managers out there with the courage to ignore all this. They have a strategy for picking stocks from which they refuse to deviate. And as a result, some years they beat the index handsily and other years they lag far behind. The irony is, when you're choosing a fund, many financial advisers will see trends rather than a bad thing and recommend buying away. A closer look at the manager's track record, however, might show that those stellar performances are actually a sign of discipline, which usually produces better long-term returns.

S&P, like many of us, must fund managers just want to keep their bosses and clients happy quarter to quarter. And that means cash and human nature are in control, dictating their careers of chasing the index like a greyhound at a dog track running after the mechanical rabbit from never-ending S&P.

# PITFALLS OF THE SMALL INVESTOR

Why amateurs fail to reach their financial goals

**IT WAS SO** much easier when the markets were booming. Today, little missteps can cost you—sometimes big, even in the midst of the bubble, mistakes were being made, but with such fabulous returns, we didn't see them clearly then. Here are some of the most common pitfalls that trip up amateurs.

**REVIEW YOUR INVESTING** Like teenagers, investors tend to chase last year's winners. But funds with the highest returns won't necessarily go on to be at the front of the pack next year—and that goes for individual funds, fund categories and industry sectors, as previous market performance in the chart might amply illustrate. **RUNNING ON EMOTION** You want hot returns, sure, but hot. This problem—investing based on what feels right—is common among both

novices and pros. Sticking lucky picks, what works best is analytical thinking backed by research. The smart investor pays attention to corporate and economic news, and trends. **EXCESSIVE CAUTION** That lingering market from the 2001-02 bust has caused many Canadians to store their cash in money market funds. Fine financial vehicles—fine, protecting your cash. But they don't earn very high. Some barely keep up with inflation. For most investors, it would take decades before money markets would finance their retirement. Remember, low risk usually means low return. **PAYING TOO MUCH** It's one of the most common errors made by mutual fund holders, masked during the boom by double-digit returns. It's also the most valid complaint about the fund industry. Last year, management ex-

posed to the alternative investments. Since 2003, the global investment in money market companies that pay out most of their cash flow is mostly distributed to unit holders—has almost doubled. And hedge funds, which are generally more expensive and

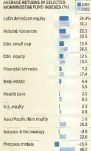
**THE** punishing, a new report shows that the higher the fees you pay, the worse your fund is likely to perform.

likely than traditional mutual funds, grow their assets by 46 per cent between 1999 and mid-2004. Over the same period, assets in traditional mutual funds rose by just 4 per cent. The most noticeable shift, however, has been toward low-cost funds that closely

mirror returns (MERB)—what a fund company charges investors to cover the costs of running its funds—ranged from less than half a per cent to double digits (12.31 per cent for Centivest Growth, a labour-sponsored fund) ship around. **NO INVESTMENT STRATEGY** Something how common this is. People hear a hot tip and buy without first making sure the investment fits their needs. Creating a strategy—a plan for when you want to retire, in what level of comfort, how much savings you'll need to afford that lifestyle, and what type of investments will most securely get you there—can't be done. But it's essential. If you don't think you're able to save enough to support what you envision, or if you don't have much time for your next egg to grow, you may have to scale back on your wish list or adjust your investment risk. You need to determine your investing horizon and what level of risk you can tolerate. Note that having the wrong strategy for your age or income can be as bad as not having one at all. **NEGLECT** This is the bayside hotel strategy taken to an unlikely level. While flipping funds is a bad idea—trading and trading fees will rack up too much profit—doing nothing, just as bad. You need to look in to verify your asset mix and dump the clags. **KATHERINE MACLEOD**

## DON'T CHASE LAST YEAR'S WINNERS

It's one of the costliest investing pitfalls: the best performing sectors one year may be far from the top another year—most look at previous months. CIBC sees returns on all fund classes, get to know machines (chart) and



SOURCE: MORNINGSTAR CANADA

you the most. And if you don't like the sector, you can go somewhere else—but to the fund industry, there's often a lot of leaving.

The punchline is that high fees for leaving a negative correlation with the quality of the fund. Gene Hochstetler, an independent financial analyst, studied the list of high fees on Canadian fund returns last year and found that the higher the fees you pay, the worse your fund is likely to perform. A similar study in the U.S. found that for every one per cent increase in management fees, returns averaged 1.34 per cent lower.

But critics insist that mismanagement and shoddy performance have been obscured by more sensational stories, such as the so-called market-timing scandal that erupted last year. In December, four fund companies agreed to pay \$290 million after it was revealed that they allowed some large investors to hop in and out of funds, tilting returns for long-term investors. Regulators ruled that the arrangements breached the companies' responsibility to act in the best interests of all their clients, and the firms settled without admitting wrongdoing.

The redemptiveness of the market timing

controversy is that it points to a deeper problem of unethical behaviour in a business that's supposed to be based on trust. In 1995, for example, a major report arguing for a long list of reforms, including the creation of independent oversight boards to protect investors against abuses by fund managers. These reforms have been locked in regulatory gridlock ever since.

Not one company that had fund companies been subject to independent review, market-timing abuses would have been avoided. But those secret deals are easily won and independent directors should be able to catch. And that goes back to the fundamental problem with the industry today: fund companies have forgotten that their duty is to the people who own the funds.

Nevertheless, the investing public seems to be waking up to its wallet, and \$14 billion in net sales is a powerful endorsement. Clearly, whatever the shortcomings of mutual funds, surplus is a powerful grab. And as long as there are conscientious money managers searching out those problem-free funds that do what they promise, there will be a place for mutual funds in our investment plans. The trick is finding those gems, and that's not easy—though the Macleod list 100 list of funds (page 38) is a good start.

So watch the house, this is a warning for a half-million-dollar company. But the fund industry truly cleans up its act, and that's not only a good thing, but a good thing.

some.macleod@macleod.com

## ASK AN EXPERT: GOT A QUESTION? SEND IT IN.

For the duration of the RESP season, financial advisers are on hand to help you navigate the sea of Investment Information Morningstar Canada's Investment Funds Advisor Study. Look for tips on all this week. Other experts will help you on the end of February. Email your query about mutual funds to personal.finance@morningstar.ca. Answers to selected queries will appear within 24 hours at [www.morningstar.ca/finance](http://www.morningstar.ca/finance).



**LEARN MORE** Canadian fund companies have dedicated to investor protection, not by a mutual investor initiative in "Making it Work" and "Investment Funds in Canada and Consumer Protec-

tion". Two linkages reports critical of fund governance in Canada, both available at [www.morningstar.ca](http://www.morningstar.ca), or SPWIS Standards & Practices quarterly newsletter containing profiles of mutual funds to the relevant industry.

[www.morningstar.ca](http://www.morningstar.ca) is a Morningstar Canada Mutual Funds. This 2004 book by John B. Kennedy, of the Vanguard Group of Funds, is available for the price and cost of fund investing.



## THE HOT 100 FUNDS

## WHAT MAKES THESE GREAT?

As of March 31, 2008, funds in Canada, which listed below were judged by our colleagues based on their manager's selling style. They were then ranked by their three-year annualized rate of return and divided into their broad asset classes. These are not necessarily the funds with the highest absolute returns. Morningstar Canada's ranking only reflects factors in a fund's performance and the sub-categories within its fund category over time. Star, and its three peers, the scores for all depicted are then combined to produce an overall rating. The top 10 per cent of funds in each category—including all Hart Funds—ranked the Morningstar Five-star rating. Excluded are: funds that have been liquidated, multiple versions of the same fund, funds that don't report asset size or defect into known errors. Funds subjected to complete ownership changes and funds requiring more than a 5.000000 ownership record.

FUND NAME	FUND TYPE	ASSETS	1 YEAR RETURN	1 YEAR P/B	3 YEAR RETURN	3 YEAR P/B	5 YEAR RETURN	5 YEAR P/B	APPROX. \$100K INVESTMENT	APPROX. 12 MONTHS	MANAGED RISK	EXPENSE RATIO
<b>CANADIAN EQUITY</b>												
1. <b>Agfundi Canadian Equity</b>	Equity (aggressive)	\$27.5	37.8	68.7	38.8	68	Yes	Yes	\$5.4	3.1%		
2. <b>BlackRock Growth</b>	Equity (aggressive)	349.1	34.8	55.3	43.1	33.1	Yes	Yes	24.4	2.1%		
3. <b>Canadian Equity Investors</b>	Equity (aggressive)	79.9	42.8	36.7	73.1	34.8	Yes	Yes	19.9	2.3%		
4. <b>TD Canadian Equity</b>	Equity (aggressive)	15.7	36.9	58.3	39.8	59	Yes	Yes	20.2	1.9%		
5. <b>Wellington Specialty Equity</b>	Equity (aggressive)	308.6	40.7	52.5	33.3	33.3	Yes	Yes	27.2	2.6%		
6. <b>Scotiabank Equity Growth</b>	Equity (aggressive)	366.1	35.4	50.9	36.2	38.8	Yes	Yes	14.7	1.7%		
7. <b>Waring II</b>	Equity (aggressive)	45.4	29.5	31.9	36.9	36.9	Yes	Yes	26.8	2.7%		
8. <b>Life International Canadian Income</b>	Income (aggressive)	370.6	20.1	38.3	23.7	12.7	Yes	Yes	26.4	0.8%		
9. <b>Wemy</b>	Equity (aggressive)	91.3	29.2	28.9	33.1	36	Yes	Yes	21.9	2.4%		
10. <b>Acuity Mid Cap Int Canadian Equity</b>	Equity (aggressive)	88.4	26.2	26.8	36.9	36.9	Yes	Yes	25.8	3.1%		
11. <b>Bluebird Special Equity</b>	Equity (aggressive)	115.6	38.7	26.5	36.9	36.9	Yes	Yes	13.6	2.6%		
12. <b>Mutuo - New Canada</b>	Equity (aggressive)	102.8	28.3	26.3	23.6	24.2	Yes	Yes	16.8	1.4%		
13. <b>Wellington Specialty International</b>	Equity (aggressive)	31.9	28.1	22.3	36.9	36.9	Yes	Yes	21.7	2.6%		
14. <b>Scotiabank Canadian Equity</b>	Equity (aggressive)	34.8	38.5	29.7	36.9	36.9	Yes	Yes	13.4	2.1%		
15. <b>BlackRock Alpha Growth Opportunities</b>	Equity (aggressive)	133.3	36.2	29.7	36.9	36.9	Yes	Yes	23.6	2.6%		
16. <b>Wellington Mid-Cap Performance</b>	Equity (aggressive)	18.4	32.7	32.7	36.9	36.9	Yes	Yes	13.6	1.7%		
17. <b>ABC Investment (aggressive)</b>	Equity (aggressive)	441.4	32.4	27.7	16.8	14.8	Yes	Yes	28.1	2.8%		
18. <b>ABC Mid-Cap Canadian Equity</b>	Equity (aggressive)	141.6	33.5	36.7	13.6	16.6	Yes	Yes	13.6	1.6%		
19. <b>Leak Mid-Cap Canadian Equity Series B</b>	Equity (aggressive)	229.6	25.8	24.8	12.8	11.7	Yes	Yes	21.2	1.9%		
20. <b>Beyond Growth Sensei (Equity)</b>	Equity (aggressive)	149.2	33.5	24.6	17.2	16.6	Yes	Yes	28.8	1.3%		
21. <b>Agfundi Social Index Canadian Equity</b>	Equity (aggressive)	24.3	32.8	34.8	36.9	36.9	Yes	Yes	14.3	1.6%		
22. <b>Dynasty Canadian Value Class</b>	Equity (aggressive)	24.4	22.8	12.8	36.9	36.9	Foreign	Yes	2.1	3.4%		
23. <b>McGill's Investment Trust</b>	Equity (aggressive)	81.9	36.4	32.9	17.4	16.6	Yes	Yes	22.7	4.6%		
24. <b>Windsor Capitalist Investments Series A</b>	Equity (aggressive)	181.2	36.4	12.9	16.9	16.9	Yes	Yes	4.8	2.5%		
25. <b>JP Invest Canadian Canadian Mid Cap C</b>	Equity (aggressive)	191.3	30.8	30.8	12.7	16.6	Yes	Yes	13.6	2.3%		
26. <b>TD Canadian Growth Index</b>	Equity (aggressive)	30.8	36.7	32.4	36.9	36.9	Yes	Yes	19.8	1.5%		
27. <b>Nelson Mid-Cap Canadian Equity Series A</b>	Equity (aggressive)	136.1	29.8	32.4	11.6	11.6	Yes	Yes	14.3	2.4%		
28. <b>ABC Capitalist Canadian Growth Series A</b>	Equity (aggressive)	178.7	29.8	32.4	11.6	11.6	Yes	Yes	20.1	2.1%		
29. <b>Scotiabank</b>	Equity (aggressive)	112.2	31.2	31.6	14.8	14.7	Yes	Yes	13.6	1.7%		
30. <b>ABC Canadian Investment Equity</b>	Equity (aggressive)	14.6	31.8	31.7	12.3	11.6	Yes	Yes	14.9	2.5%		

FUND NAME	FUND TYPE	ASSETS	3-YEAR RETURNS	5-YEAR RETURNS	10-YEAR RETURNS	RISK CATEGORY	AVERAGE 12-MONTH LOSSES	MANAGEMENT EXPENSE RATIO	
FOREIGN EQUITY									
MSCI World Index Series G	Global equity	314.6	13.7	20.0	14.4	mh	Foreign	0.73	2.50
MSCI American Div	U.S. international cap	25.8	25.0	17.1	14.4	mh	Int'l	0.6	0.90
Global Investors	U.S. equity	146.3	5.2	12.0	14.1	h1	Foreign	0.67	1.07
Investment Global Smaller Companies	Global equity	1,042.7	16.4	12.0	14.1	h1	Foreign	1.12	2.41
Investment Emerging Markets	Emerging markets	296.4	14.6	11.7	13.1	h1	Foreign	0.84	0.94
MSCI Europe Index Series G	U.S. international cap	200.0	14.0	11.7	12.0	mh	Foreign	1.16	1.30
MSCI Singapore Index Series G	U.S. equity	495.0	25.5	12.1	8.7	mh	Foreign	0.2	1.00
Frontier Europe	European equity	181.5	18.0	10.7	7.6	mh	Foreign	0.2	0.90
Frontier Japan	Japanese equity	200.0	8.5	6.9	7.9	h1	Foreign	0.14	0.40
MSCI Pacific Index Series G	Global equity	266.1	11.4	9.4	13.3	h1	Foreign	1.12	2.14
Asia Pacific Growth & Equity	U.S. equity/int'l cap	133.4	16.6	9.9	10.5	h1	Foreign	1.1	1.25
ASIP European Equity Class	European equity	444.4	12.3	8.1	7.3	h1	Foreign	1.08	3.00
Latin America International	International equity	407.4	10.7	7.2	6.3	mh	Int'l	0.6	0.6
U.S. Value Fund Series G	U.S. equity	1,273.0	1.0	0.0	0.0	mh	Foreign	0.2	2.41
MSCI Index Investors Japan Capital Cl	Japanese equity	14.5	3.1	6.0	0.0	mh	Int'l	0.4	0.90
Scandinavien Global Equity	Global equity	7.3	14.4	6.0	6.0	mh	Foreign	0.4	0.50
Investment Global Index	Global equity	75.2	6.6	6.0	6.0	mh	Foreign	7.8	2.87
Atlantic Investors Opportunity	European equity	25.0	3.0	5.0	-0.0	-0.1	Foreign	7.8	2.40
AIM International Growth Class	International equity	15.2	15.1	6.0	6.0	mh	Foreign	-1.8	3.18
Capital Int'l Global Small-Cap Cl	Global equity	36.0	5.9	8.4	6.4	mh	Foreign	4.4	0.91
Novartis International Companies	International equity	14.6	15.4	3.9	1.6	mh	Foreign	3.2	2.50
Syngenta Global Small-Cap Index	Global equity	14.1	17.1	7.2	6.0	mh	Foreign	3.8	3.05
Novartis International Small-Cap Index	International equity	12.5	17.0	7.1	6.1	mh	Foreign	4.1	0.70
Novartis Portfolio	Global equity	3,063.0	7.0	7.0	5.1	h1	Foreign	1,040	4.02
Scandinavien - American Class	U.S. equity	5.4	1.0	0.0	0.0	mh	Foreign	3.7	3.50
Novartis International International Equity	International equity	9.1	12.0	12.0	-0.1	mh	Foreign	0.2	2.04
Global Investors Malaysia Sector	U.S. equity	10.3	6.4	6.0	6.0	mh	Foreign	1.2	3.50
United Investors	U.S. equity	580.0	6.4	-0.1	4.7	mh	Foreign	5.0	1.48
Atlantic Investors U.S. Global Index	U.S. equity	15.9	7.2	-0.2	6.2	mh	Foreign	4.0	0.70
Novartis Portfolio Series G	Global equity	3,066.5	5.9	0.7	5.6	mh	Foreign	10.5	4.94

FIXED INCOME									
1. <b>Benchmark Specialty High Yield Bond</b>	High yield bond	246.1	74.2	14.8	8.7	5.2	Wt	7.1	2.88
2. <b>Acuity Power Fund Income</b>	Corp. bond	346	114	13.7	12.8	11.2	Wt	12.2	6.75
3. <b>Investco Canadian High Yield Income C</b>	High yield bond	312.3	70.8	13.9	7.9	6.1	Wt	6.8	2.82
4. <b>TD Real Return Bond - I</b>	Corp. bond	1,125.1	242.3	23.5	12.3	9.1	Wt	10.8	6.85
5. <b>Investing Bridge Bond</b>	Nonresid. bond	12.3	5.8	11.7	12.0	6.6	Foreign	7.2	8.51
6. <b>Investco Real Income</b>	Corp. bond	36.1	5.5	6.7	6.8	6.6	Wt	5.5	2.21
7. <b>Acuity Fund Income</b>	Corp. bond	112.2	3.2	9.9	6.8	6.5	Wt	6.3	2.52
8. <b>Acuity Canada Bond Invest Market Index</b>	Corp. bond	31.1	16.3	6.9	6.4	6.2	Wt	7.1	2.25
9. <b>TD Canadian Bond - I</b>	Corp. bond	4,751.1	1.2	9.9	4.2	4.1	Wt	5.1	5.87
10. <b>Albion Fund</b>	Corp. bond	2,283.5	2.4	1.2	1.9	1.7	Wt	12.0	2.58
11. <b>IMC U.S. Bond Fund Income</b>	Corp. bond	4,812.8	8.9	7.5	6.6	6.5	Wt	7.8	6.19
12. <b>IMC U.S. Bond Series A</b>	Corp. bond	1,291.2	6.2	7.5	6.6	6.7	Wt	8.2	5.59
13. <b>ACF Global Corporate Bond</b>	Nonresid. bond	294.7	1.2	7.7	6.4	5.8	Foreign	1.8	3.04
14. <b>TD Euro Corporate Bond Index</b>	Corp. bond	144.4	5.8	6.9	5.7	5.6	Wt	2.7	3.12
15. <b>United Government of Canada 21 Year Bond</b>	Corp. ultra-high yield	395.9	5.7	6.5	5.6	5.6	Wt	7.9	0.25
16. <b>IMC U.S. Savings Bond II Mortgage to B</b>	Corp. ultra-high yield	294.9	4.7	5.5	4.2	4.0	Wt	6.8	6.87
17. <b>National Real Opportunity Cash Management</b>	Cash money market	100.1	2.1	2.3	2.8	2.6	Wt	0.1	0.40
18. <b>North Specialty Canadian Money Market</b>	Cash money market	9.5	2.6	3.1	3.3	3.6	Wt	3.0	0.25
19. <b>USG Mutual F-Fund</b>	Cash money market	1,734.6	2.1	2.1	2.2	2.1	Wt	5.8	0.44
20. <b>IMC U.S. Money Market Series A</b>	U.S. money market	474.4	0.5	0.3	0.8	0.7	Wt	5.8	0.03

BALANCES										
1	Assets Perfed edge income	Cash balance	420.1	22.2	21.1	22.2	14.8	Yes	13.1	6.30
2	Assets Perfed Concessions Asset Alloc	Cash balance	26.8	15.5	18.7	15.6	10.9	Yes	13.1	6.30
3	Assets Perfed	Cash balance	696.8	29.1	30.0	30.0	8.2	Yes	13.1	6.30
4	Assets Perfed Concessions balance	Cash balance	119.2	17.8	17.8	18.0	13.8	Yes	13.1	6.30
5	Financial assets	Cash balance	1,888.8	6.6	6.6	6.6	6.6	Yes	13.1	6.30
6	ABC Policy Investment	Cash balance	118.8	16.0	16.0	13.5	13.2	Yes	13.1	6.30
7	Veritas balance sheet & O&A	Cash balance	42.4	16.2	16.2	14.4	9.6	Yes	13.1	6.30
8	ABC Identity Income	Cash balance	1,086.2	22.0	22.0	14.8	9.6	Yes	13.1	6.30
9	ABC Identity Income - Balance	Cash balance	458.8	7.5	7.5	14.8	9.6	Yes	13.1	6.30
10	ABC Identity Income	Cash balance	4,435.5	13.4	13.7	13.2	9.6	Yes	13.1	6.30
11	System Income	Cash balance	189.1	18.0	18.3	12.8	12.0	Yes	13.1	6.30
12	Argusview: North Ops tactical alloc	Cash balance	7.4	5.1	5.0	5.0	9.6	Yes	13.1	6.30
13	Towers Global	Global bal - 8 year eff	209.8	16.7	8.1	11.2	9.6	Yes	13.1	6.30
14	ABC Capital Market balance (Series C)	Global bal - 8 year eff	325.8	8.8	7.8	8.8	9.6	Yes	13.1	6.30
15	ABC Capital Market balance (Series C)	Cash balance	1,033.8	7.8	7.8	8.8	9.6	Yes	13.1	6.30
16	ABC Capital Market balance (Series C)	Cash balance	1,183.7	7.7	6.6	8.8	9.6	Yes	13.1	6.30
17	ABC Capital Market balance (Series C)	Global bal - 8 year eff	162.7	8.5	8.8	8.8	9.6	Yes	13.1	6.30
18	ABC Capital Market balance (Series C)	Global bal - 8 year eff	146.5	8.4	4.8	9.6	9.6	Yes	13.1	6.30
19	ABC Capital Market balance (Series C)	Global bal - 8 year eff	146.5	8.4	4.8	9.6	9.6	Yes	13.1	6.30

**Assets, amount, in millions of dollars, managed by the fund. Return** percentage annual return as of Dec. 31, 2004. For assets ranging from five percent to five percent of total fund assets. **NAV** **NAV** indicates whether a fund can be sold at a capital value of one dollar, after including all fees and expenses, over a 12-month period. **Assets** are in millions of dollars.

Source: *Journal of Applied Corporate Finance*, Volume 16 Number 4, Winter 2004, pp. 40-56. Copyright 2004 by Harvard Business School Press. Reprinted by permission of the publisher.

# PICKING FUND STARS

What you need to know to avoid getting stuck with another laggard

**DESPITE** the well-deserved knicks against the mutual fund industry, Canadians returned to them en masse in 2004, after two years of pulling out their cash. That's largely because the advantages of mutual funds are irrefutable to many small investors. Funds allow people to pool their money and gain the benefits of a larger pot. Together, investors share the cost of professional management—and nothing to the cost is felt and the management good, that's a plus. A mutual fund's portfolio holds a large number of investments, contributing to each fund holder's level of diversification. That pick-wins, keeping in mind the economic picture and the importance of managing costs. Here's how to find winners for 2005. **JUST SAY NO TO HIGH FEES:** The attacks on fund fees, or management expense ratios, have been gaining momentum, which is good news for investors. In response, some fund companies—recently Fidelity investors—have begun dropping their fees. But some smaller investment houses have consistently kept MERs low, long before the issue became a cause célèbre. It's worth seeking them out. At Phillips, Hager & North, a Vancouver firm that's been in business since 1964, for instance, equity fund MERs top out at 1.87 per cent while fixed-income funds approach five per cent. On [www.phh.com](http://www.phh.com), PH & N compares the impact of higher MERs on investments. Over 20 years, \$100,000 in a low-MER (1.80 per cent) balanced fund will be worth \$227,436—\$83,000 more than the same sum invested in a fund charging the average 2.43 per cent. Note that even with its low fees, PH & N manages some of Canada's best-performing funds.

Minding fees is especially vital in bond funds. With interest rates so low, and many



bond funds still charging in the range of 1.5 per cent a year, you may be better off with a high interest saving account. **TAKE THE LOAD OFF:** While the industry is moving away from share, back-end loads (so-called TRCs, for deferred sales charges) remain in vogue. These are the fees companies charge on the sale of funds. The longer you hold a fund, the lower the fee, and after some years the fee drops to zero. From the fund company's perspective, this motivates people to invest long term. But, as many investors found when they tried to bail out of funds during the falling market, deferred charges can be expensive (as much as six per cent of your investment) and feel like a lock in the pants if the fund you're cashing out is worth less than when you

bought it. Front-load funds actually cost less, but you can also look for no-load funds. Note that no one can forecast how well a fund will perform, but the load expense is moving away from share, back-end loads (so-called TRCs, for deferred sales charges) remain in vogue. These are the fees companies charge on the sale of funds. The longer you hold a fund, the lower the fee, and after some years the fee drops to zero. From the fund company's perspective, this motivates people to invest long term. But, as many investors found when they tried to bail out of funds during the falling market, deferred charges can be expensive (as much as six per cent of your investment) and feel like a lock in the pants if the fund you're cashing out is worth less than when you

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Generally, the younger you are, the safer it is to invest in equities because you have time to withstand the vagaries of the market. Older people, who will need their money soon, will want to safeguard more of it in income or money-market funds. **GO DIVERSAS:** The world is out there, and with Canada representing a minuscule amount of the global market, your money should be out there, too. Most Canadians automatically opt for U.S.-focused funds. But with the Yanks running such huge deficits and the greenback projected to drop further, now is a good time to look across Europe and Asia, as U.S. fund returns will be eroded by the American dollar's slide.

To go beyond your RSP's 30 per cent foreign content allowance, look for Canadian companies with assets abroad and mutual funds that hold them. Another route is funds containing Canadian bonds denominated in a foreign currency, as long as the asset is a Canadian government or corporation, or an international group such as the World

**SOME** investment houses kept their MERs low long before the issue became a cause célèbre. Seek them out.

Bank, these funds aren't considered for RSP purposes. Close funds, which track the performance of other funds, are another way to invest abroad—bolder claims with underlying foreign funds. Beware, though: *don't usually carry high MERs.* **GET READY FOR A SLOW YEAR:** Economists expect the equity markets in Canada to slow down a bit in 2005, as the Canadian dollar remains the weakening greenback. For the past two years, corporate profits growth has been 20 per cent or more, so in a year, Merrill Lynch economist Robert Spencer predicts "a significant slowing in profit growth" for 2005. Speculate on fixed-income investments: The bonds are likely to be in decline as well. Together, these factors suggest two investment strategies. One, lower your expectations. Two, look for funds heavy in high-yielding (i.e., dividend-paying) stocks that don't tend to be cyclical, such as utilities, telecom, consumer staples or financial institutions.

[katharine.macklem@toronto.utoronto.ca](http://katharine.macklem@toronto.utoronto.ca)

## THE BEST AND THE BIGGEST MUTUAL FUNDS OF 2004

For the top 10 best performers, the year was about parity; top income or size-one-star fund laggard. (See the 20 best and worst funds of last year at [www.cnn.com/economy/funds](http://www.cnn.com/economy/funds))

FUND NAME	TYPE	ASSETS (\$BILLIONS)	3-YEAR ANNUALIZED RETURN (%)
1. AGF Managed Futures	Alternative strategies	26.1	47.5
2. CIBC Energy	Market resources	56.7	46.8
3. Arctis Capital Canadian Small Cap	Cap. small cap	6.6	46.6
4. Arctis Capital Income Trust	Cap. income trust	61.9	42.0
5. Fidelity's Currency	Alternative strategies	10.6	39.2
6. CI Global Energy Sector	Market resources	87.4	39.1
7. Arctis Income Trust	Cap. income trust	173.8	38.4
8. Monetta Growth	Cap. small cap	245.1	38.4
9. Spruce Canadian Equity	Cap. equity	\$17.2	37.9
10. Dominion Equity Resources	Market resources	50.8	37.8

Canada's largest equity funds by size in 2004 were by three-year returns (see a detailed year—but only three best of the S&P/TSX 3000 fund. See the 30 largest at the side above.)

FUND NAME	TYPE	ASSETS (\$BILLIONS)	3-YEAR ANNUALIZED RETURN (%)
1. BMO Divident	Cap. dividend	4,327.1	11.3
2. BMO Canadian Equity	Cap. equity	3,663.5	9.1
3. Windsor Select Canadian Growth	Cap. equity	1,739.4	8.7
4. Fidelity Trust North A	Cap. equity	3,377.7	8.2
5. BMO Ivy Canadian	Cap. equity	5,340.5	8.0
6. Windsor Select Growth	Global equity	5,595.8	8.7
7. BMO Growth Investments	Global equity	3,790.4	8.1
8. Templeton Growth	Global equity	6,864.6	8.6
9. Fidelity International Portfolio A	Global equity	1,183.2	-0.5
10. AGF International Value	Global equity	4,336.7	3.0

SOURCE: INVESTOR FUND SERVICES

## FEES: WHO TAKES THE LARGEST—AND THE SMALLEST—BITE

Take the 10 highest and 10 lowest MERs among the 100 largest equity and balanced funds, and what do you find? A wide gap—in cost and performance.

FUND NAME	ASSETS (\$BILLIONS)	MER (%)	3-YEAR ANNUALIZED RETURN (%)
1. Dynamic Power Canadian Growth	1,159.8	8.37	14.8
2. BMO Select Global Health Care	1,049.8	8.13	-5.4
3. AGF Canadian Growth Equity	923.8	7.72	7.2
4. AGF American Growth Class	973.0	7.37	-19.8
5. Templeton International Stock	5,708.0	7.08	-8.6
6. London Life Balanced Portfolio	2,114.5	6.84	3.2
7. AGF International Value Class	866.0	6.39	-3.7
8. AGF International Value	4,336.7	5.88	3.0
9. Spruce Canadian Glen	953.8	5.81	36.2
10. BMO Divident	4,327.1	5.71	11.3

SOURCE: INVESTOR FUND SERVICES

**LEARN MORE** Investopedia Fund School by the Ontario Securities Commission (updated for use of firms involved in financial crises), the site has a calculator for figuring out the im-

port of fund fees. [www.investopedia.com](http://www.investopedia.com) **SEEDS:** The seedlings group regulatory firms directly or indirectly fund within Canada, including various reports and projections with benchmark comparisons, net

Fund assets and MERs. [www.seeds.com](http://www.seeds.com) **At Star Fund Trader:** The U.S. newsletter is one of the best at forecasting market and fund industry trends. \$24 a year. [www.starfundtrader.com](http://www.starfundtrader.com)

# ME AND MY MONEY: THE PROS DISH

Where professional investors put their own cash

**JOE O'SHAUGHNESSY, 44**, MANAGER OF A SERIES OF CELEBRATED RBC FUNDS: SIZE OF BEST DISH: "Seven Figures." WHEN IT'S STASHED: Since 1980, 60 per cent



of his wealth has been in equities. He buys the same stocks for his personal portfolio as he does for two of the funds he manages, with 50 per cent going into small-cap companies (including RBC's O'Shaughnessy U.S. Growth Fund) and the rest into large stocks (tracking the U.S. Value Fund). The remaining 10 per cent of his money is in short-term bonds. Why the love for smallcaps? "In 1990, small-cap stock had a horrible quarter—the first time since the early '50s they underperformed large caps over the prior 20-year period. That's an extraordinarily rare event."

**KEVIN KENDRICK, 42**, PARTNER AT TORONTO CONSULTING FIRM AS WELL AS RBC'S CANADIAN FUND INVESTMENT ADVISOR: SIZE OF BEST DISH: "More than enough to diversify broadly."



**WHERE IT'S STASHED:** About 40 per cent in fixed-income investments (largely convertible bonds), the rest in equities. "I'm not afraid of technology, but I stay away from scandal—like Nortel. I bought a few stocks in China. I look for dividend-paying stocks and for modest growth. I do most of my trading on the Internet and use discount brokers. They exchange-traded funds for global and general diversification." He shows mutual funds in his own portfolio. "I have more than 100 holdings—more than many mutual funds." He also collects classic books on patterns and mathematics.

**BEST MOVE:** Paying research in February a year and a half ago. "I bought it at \$10 and it went over \$300. It split. My only concern with it were the patent-infringement cases, but I thought I'd see it through."

**WORST CALL:** Buying at Asian Gold Storage Index Trust in 2001. "They stopped making distributions about a year ago following an accounting scandal. It was impossible to predict. The statements were audited, they put good news releases. Their board just dropped the ball."

**GREATEST MISSED OPPORTUNITY:** Coal, whose price has soared. "I got coal partly through ETFs, but it should have bought it directly."

**BIGGEST FINANCIAL SHOCKER:** Accounting scandals at fund companies. "They had invested themselves as investors, as investment

for people to buy and hold. And they turned out to be the biggest crooks." **BIGGEST SPURGE:** Of '04-2005 Lincoln Town Car. "It's a good ride and you don't need any options—it's his everything." **WORDS OF ADVICE:** "It's more important to have the right assets than the right stocks. If you're in the right sectors with the right products, you'll make an excellent return without the volatility of buying individual equities. And look at risk-adjusted returns before buying. Is the company well managed? Did it just change CEOs?"

**KEVIN CORN, 42**, CALICUM FINANCIAL PLANNING, AUTHOR OF THE INVESTMENT BOOK *ANGST-FREE STRATEGIES FOR CANADIANS*: SIZE OF BEST DISH: About \$350,000.



**WHERE IT'S STASHED:** Seventy per cent in mutual funds, including iShares (a Canadian, Toronto-based index-fund and Fidelity International Portfolio). His small-cap funds include Clarington Canadian and Northwest Specialty Equity. The rest is in stocks, property deals and open investment accounts. "I have an aggressive strategy but limit myself in stocks—in eight years of buying, their total value hasn't gone up."

**BEST MOVE:** Buying shares of Search Asset Management, a private and mutual fund manager—"one of my best performers."

**WORST CALL:** Expecting the U.S. market to rebound. "I've been telling people into investing their exposure to U.S. blue chips and that's continued to bite me in the ass."

**GREATEST MISSED OPPORTUNITY:** Income trusts. "The oil drilling my feet on them. Now there are so many I'm sure there are good choices, it's more like a smelly pig."

**BIGGEST FINANCIAL SHOCKER:** "I expected income trusts to have a greater correction. I expected some to have imploded by now."

**BIGGEST SPURGE:** "In 2001, I bought a new Infiniti G35 and spent \$10,000 on reworking my office. So I'm still recovering from my splurges in that year."

**WORDS OF ADVICE:** "Don't get too excited when things fly off. And before making any changes, re-evaluate why you were in the investment in the first place."

# BEYOND THE USUAL

Fed up with mutual funds? Here are six alternative routes, and how to navigate them.

**THERE IS MORE TO RRP**—awakening than mutual funds—some options that are safer, some that are much riskier. So before you venture in, learn your way around.

**EXCHANGE TRADED FUNDS:** The funds, which first appeared in Canada in 1989, trade on the stock market like company shares, but are actually shares in portfolios of stocks that reflect a benchmark index. Think of them as mutual funds that run on autopilot.

**PROS:** Because most hold a large number of stocks, they provide solid diversification. There are no load fees, and, since the portfolios simply mirror market segments, management fees are much lower than those of typical mutual funds. Unlike conventional mutual funds, which are bought or sold at fixed prices at the end of each trading day, ETFs are traded throughout the day, allowing you to see exactly how your investment is doing at any time. ETFs are also more cost-efficient than mutual funds because they generate lower taxable capital gains.

**CONS:** Since ETFs track a narrow market index, they may be less diversified than a large equity mutual fund. There's no chance of beating the index, because they're designed simply to closely follow it.

**INCOME TRUSTS:** These investment trusts hold the shares and debt of businesses that produce regular income; that income is passed on to the unit holders. The sector has boomed in the last few years: there are now more than 100 trusts in Canada today, representing about six per cent of the Canadian financial market. **PROS:** Trusts can generate a steady flow of cash for investors—typically six to 10 per cent in recent years. Their unique financial structure offers tax advantages to both the company and the investor.

**CONS:** Distributions aren't guaranteed, and are typically dependent on the performance of just one business—as if that runs into trouble, the consequences can be devastating. Before investing, check the income trust's ratings published by Standard & Poor's and Dominion Bond Rating Services.



**REAL ESTATE: STILL RISING, BUT SHOP CAUTIOUSLY**

The hottest areas saw double-digit price gains in 2004, and property values in Canada's major cities are expected to average mid-single-digit growth this year.

**TOP 10 CITIES: GROWTH RATES OF 2004\***

CITY	INCREASE (%)	CITY	INCREASE (%)
Calgary	7.0%	Edmonton	7.0%
Montreal	6.2%	Calgary	6.2%
Winnipeg	6.0%	Montreal	6.0%
Regina	5.0%	Winnipeg	5.0%
Ottawa	4.5%	Regina	4.5%
Vancouver	3.0%	Ottawa	3.0%
North Bay	2.5%	Vancouver	2.5%
Victoria	1.5%	North Bay	1.5%
Saskatoon	1.0%	Victoria	1.0%

\*S&P 2003-04 DATA; \*2004-2005 FORECAST; SOURCE: DOMINION BOND RATING SERVICES

The surging popularity—and valuations—of income trusts lead some experts to warn the sector may be in for a sharp correction. **MOORE FUNDS:** They pool individual's money and invest it with regulatory constraints. They can use trading tactics like short-selling, which mutual funds can't employ, to make

income returns. Hedge funds' popularity has soared—there are 151 such funds operating in Canada today, compared with 46 in 2000—thanks to some very impressive returns (see chart next page). While the sector used to cater to the wealthy, with \$200,000 or higher minimum investments, openness has also





# SMUG ABOUT ANTI-SEMITISM

Why is bigot David Ahenakew still a member of the Order of Canada?

WHEN PRINCE HARRY recently attended a masked ball dressed as an officer in the Nazi Afrika Korps, he drew one more nail into the coffin of the British Royals, who had once so nobly embraced Canada's ideal of dignity and rectitude. His thoughtless choice of costume, including his anti-Semitic Nazi symbols, drew defiling evil of the 20th century, was particularly galling at a time when anti-Semitism has become an all-too-hotly issue and when we have been commemorating the 60th anniversary of the liberation of Auschwitz.

Canada's connection to the British throne has always projected an image of how using the past and honoring the present. But that isn't the first time that royal has inadvertently failed to comprehend Hitler's evil. Edward VIII, Harry's great great uncle, was a Nazi sympathizer, and in 1937, when Harry's father, Prince Charles, complained that modern architecture had done more damage to London's skyline than the Luftwaffe during the Second World War, commoner John Churchill rightly demanded: "Really? How many children have London architects buried since?"

It may have been due to his age (aged 20-year-old, but Prince Harry's Nazi cap set off a tsunami of protest. Some British soldiers voted to go to his very public appearance with the Nazi "Hitler Model" salute. Michael Howard, the Jewish British Tory leader, condemned the young prince's lame apology: "Replaced the prince? It was a poor choice of costume." The cover of the actual magazine *Private* featured Hitler as the military regime's costume guru, saying: "The comic is Prince Harry."

This latest incident may not change many minds about the House of Windsor, which has already self-destructed over the past two decades by revealing itself to be an Adams



The former native leader's "realistic" remarks recalled the Nazi concentration camps that "killed six million Jews."



\$84 last year. The most telling example—how he recently felt anti-Semitism can be and how it has been blithely ignored by the order that represents the most prestigious group of Canadians—is, of course, the case of David Ahenakew, who openly praised Hitler for having massacred six million Jews.

In this age of political correctness, it is customary to declare any potential conflict of interest, and I am happy to do so, even though I don't feel that these interests in any way conflict with my work of what has happened. I am Jewish, was briefly (1984-86) an adjunct professor at the Saskatchewan Jewish Community College in Regina (which forced Ahenakew's resignation as a governor following his attack), and I happen to have received my first Order of Canada in 1978, at the same ceremony as Ahenakew. I don't remember when we used to each other at the ceremony except that it was a harmless exchange of pleasantries, as such occasions demand.

It was with disbelief that I learned that his name was on Dec. 13, 2005, at a meeting of the Federation of Saskatchewan Indian

Nations, when he was supposed to be addressing health-care issues, and instead launched his tirade and a subsequent interview with the Saskatchewan Star (Ahenakew a prolific source of anti-Semitism, as evidenced by my I have ever heard of him. Among his remarks: "The Jews didn't own owned all of Germany prior to the war. That's how Hitler came in. He was going to make damn sure that the Jews didn't take over Germany or Europe."

When reminded that the Nazis had committed genocide, he said: "How do you get rid of a disease like that, that's going to take over, that's going to dominate? That's why he fired six million of those guys, you know. Jews would have saved the god-damn world. They were trying to clean up the world. I don't support Hitler, but he cleaned up a hell of a lot of things, didn't he? You would be amazed by the Jews right now the world over. Look, a small, little country like this [Israel] and everyone supports them. Who else had ever owned all the banks in the States, money of the corporations? Look at how in Canada. I say Asper (then chair of CanWest Global). He controls the media. What the hell does that tell you? That's power. That's F—ing power. The hell with the Jews. I can't stand them. And

did, mostly as family as Prince Harry) and dismissed Canada's First Nations "from any action or expression of racism, bigotry and injustice, whether they are acted as us, or as Jewish, Christian, Muslim, Hindu or any other people."

Since I represent to no one but myself, I reacted by starting a campaign to have Ahenakew dismissed out of the Order of Canada, just like Alan Eagleson who was expelled in 1998 for cheating his hockey player clients. The Order's motto, *Desideramus meliorum patriam* ("they desire a better country"), clearly excludes had one begins. "Any organization, particularly one meant to honour the country's best and brightest, must maintain some moral standards," I wrote to Mary Jo Beckett, the Order's director, honoree, Order of Canada. "For one of its members to declare publicly how delighted he was the Hitler 'trial' six million Jews, is simply not acceptable, and if the Order doesn't act, it is condoning this point of view."

Nothing happened. That was three years ago. I've written increasingly angry letters every six months and have been brushed off with the assurance that the matter is before the courts—and that nothing would be done until the legal issues are resolved. They had obviously misread my mind. I was well aware that Saskatchewan's Attorney General Chantel Aboody had charged the RCMP with deciding whether Ahenakew's comments qualified for prosecution under Section 159(2) of the Criminal Code, which makes it a crime to "willfully promote or aid against an identifiable group." The Maxman had quickly decided to charge Ahenakew with incitement, which means that, if convicted, he can face two years in jail. Again, nothing has happened except that Ahenakew has succeeded in postponing the trial twice. Now in his second year, Doug Christie, who in the past has defended Holocaust deniers, the matter is set to resume on April 4.

I remain hopeful that David Ahenakew will be brought to justice. But he will never pay. Regardless of the legalities of the situation, the Order of Canada ought to denounce and ask him to follow Eagleson out the door.

Peter C. Newman's column appears bi-monthly. [pnewman@shaw.ca](mailto:pnewman@shaw.ca)

**'THE JEWS' damn near owned all of Germany prior to the war,' Ahenakew ranted. That's how Hitler came in.'**

that's it. I don't want to talk about them."

This was an off-the-off-the-duties, seven minutes later, in an interview with *The Magazine*, Ahenakew returned to the subject, emphasizing and still babbled: "When a race of people can control the world media," he said, "then there's got to be something else about that."

Reaction to his statements was swift, especially among his own people. Matthew Coon Come, then National Chief of the Assembly of First Nations (a post that Ahenakew held from 1982-1985), unconditionally rejected "these hateful, ignorant and unacceptable remarks. These comments are disgusting. They are morally unacceptable. He called for Ahenakew to apologize (which he

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# THE KID'S LAST STAND

He was never a top contender. But now Billy Irwin is getting his shot.

THE NICKNAME doesn't work anymore.

At the age of 36, with the soles of 98 pro fights over 12 years crisscrossing his face, Billy "The Kid" Irwin of Niagara Falls, Ont., is obviously no kid. And on this January night in Houston, in the moments before the biggest match of his life, that disarming smile across downlight prison bars. Across the ring stands Juan Diaz, the on-beat world lightweight champ. He's just 21 years old, and looks even younger.

Tonight, Irwin is the envy of thousands of boomers who'll never get the chance to fight for a world title on national TV. But when it comes to boxing glory always come with a catch, and this one is no different. "They think I'm the old guy—that I'm old, face forward—and they're just going to blow me out of there," Irwin says in the days before the fight. "They picked me to be the perfect guy to make Diaz there." Irwin wouldn't be here if Diaz's camp thought he were a threat. The 170-pounder is on this young man's success.

In the modern world of boxing, where being entertaining is as important as being good, Diaz has everything it takes to be a star. He is the son of working-class Mexican immigrant parents, bilingual in Spanish and English, and studying toward a degree at the University of Houston. In the ring he is a kind of the rare mix of speed, accuracy and power, who throws punches in wild bursts.

If Diaz is the made-for-TV champion, Irwin is his made-for-TV challenger. With a career record of 43 wins and five losses, he has a decent enough track record. Perhaps more impressively, he's never been knocked out. Irwin is as tough as his name. He can be counted on to show up, fight hard, and ultimately he can be expected to lose—unless other happenings in the arena of a new boxing superstar.

But Irwin has other ideas. By taking this fight, training hard for it, and allowing him-



By the 11th round, Diaz is stilling hell on Irwin, who has barely moved.

self to believe he can actually win it, he is engaged in an act of defiance against the power structure of pro boxing: the byzantine network of promoters, commissions, agents and officials who choreograph the sport.

For years, he's been on the margins of the big time. Now, on the dusk of his career, he's cast as a supporting character in Juan Diaz's story. This is Irwin's last chance to end the show, and make his own Hollywood ending.

**FIVE NIGHTS** before the fight, and there's a problem. We're in the Shamrock Boxing Club, in Niagara Falls—a single room, about 60 feet long and 20 feet wide, with four heavy punching bags hanging from chains

drilled into the ceiling and a ring at the far end. I ask how he's feeling and he shakes his head in disgust. "Trazack," he says. "Everything was going perfect, and now I got a cold." His long-time friend and trainer, Dave Morris, tries to step in. Billy's better today than yesterday, he says, and there's still time to recover. But Irwin is clearly worried.

American against the wall and watch a kid no older than 12 learn to throw a proper jab, even when he's explaining he's had enough. This will be his last fight, win or lose. He still loves the sport, and wants he doesn't feel too old. But he's got a wife and two young children now, and a job as security at a local casino. Except for one detached return in

1996, he has somehow avoided serious injuries. He doesn't want to be another one of those guys who can't let go. His mind and speech are still sharp, and he plans to keep it that way. "This is it," he says. "If I lose, I lose to a 21-year-old champion. But if I win, I go out on top." This is the hopeful fantasy of the aging fighter: the dream of coming around a corner of disappointment with a single moment of unflinching glory.

As an amateur, Irwin was four-time national champion. He represented Canada at the 1991 Pan Am Games in Cuba, and the 1992 Barcelona Olympics. But as a pro he never made it into boxing's exclusive club of contenders. His one previous shot at a world title came in 2000, when he lost a dull 12-round

**'IF I LOSE, I lose to a 21-year-old champion,' says Irwin, the made-for-TV challenger. 'But if I win, I go out on top.'**

decision to Paul Spadafora. In his next fight, he lost to a virtual unknown named Dion Spivey. The experts said The Kid was finished, and for the next three years Irwin fought to prove them wrong. He won nine straight fights, all to rebuild his reputation.

But Billy watched all this with a mixture of pride and regret. He owns the Shamrock and has known Irwin since 2004, when Billy was a sports-faceted 15-year-old who wanted to learn to box. "He got knockout power with both hands," Kelly says. "And he's smart. He talks like a Shakespearean actor."

But he never could break into the elite. "Billy had a lot of bad managers over the years," he says. "You can't just be a good boxer from a small club and work your way up. That's not how this business works."

**ON THE NIGHT** before the fight, Irwin is in a bed, and I'm in the hotel bar with his small

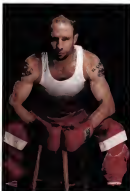
emerge, talking about how he's going to shock the world. Dax has never been hit, we say. He has only 22 knockouts in 26 fights, so obviously doesn't have enough power to break a pane of glass. And there are rumours he's already negotiating his next title defense. He's talking twice lightly. These are the lies we'll each catch, over and over, so often we almost believe them. But on fight night, reality comes quickly into focus.

A CROWD of about 3,000 jumps into the Rebel Center, most of them from Houston's working-class Hispanic neighborhoods, where Dax is first emerging as a hero. They wave Mexican flags, cheer. Dax's music and host at the bikini-clad girl girls. Their adulation is momentarily diverted when Roger Clemens is introduced. The great baseball pitcher has just re-signed with the Houston Astros for US\$30-million a year, and now he's at ringside watching the action. The cheers are replaced with loud boos when Irwin walks in, and then with enthusiastic screams and chants of "MEHHE CD" when Dax appears.

When the bell rings, Dax marches forward and goes to work, jumping into Irwin's forehead, and locking him up. About a minute into the fight, Irwin's back is pinned to the ropes and Dax is pulling him apart with devastating combination jabs, hooks, body, back. Left to the head, right to the body, left in the body, right to the head. When the bell rings to end the first round, the reporters on press row are already writing their maniacal observations on local phones, pummeling the veterans from Canada.

In the second, it seems like the end is near. Irwin tries to throw a left at Dax. The champion bends him to the punch with a wicked right hook to the head that sends Irwin stumbling into the roundhouse. Dax smokes after him, unleashing a flurry of punches. Irwin bounces over trying to cover up, and finally slumps down on one knee. It is only the second time he has ever been floored. He doesn't look angry, just disappointed. Irwin is staggered again in the third, but won't fall. Dax backs him to the ropes again, and fires away. Irwin tries to punch his way out of trouble, as he has done for his whole career. But that Billy Irwin power is gone. When his fists find their mark, they do nothing to slow Dax's assault.

The crowd keeps waiting for Irwin to drop, but he doesn't. The fourth, fifth, sixth, seventh



The former Olympian from Niagara Falls can be counted on to show up, and to fight hard

and eighth pass, with Dax counting bellies on Irwin as he leans back against the ropes, pulling his gloves up to his face in a ventral stance to block. Morris yells orders: the fighter can't act on. The upper, then corners, and finally begs Irwin to move off the ropes. But he doesn't move. With every punch he becomes clearer that Dax has found the stepping stone he was looking for, and Irwin's dream ending also further away. After the eighth round, the ring doctor is closely examining Irwin's body swollen and bloody right eye, but he doesn't stop the fight. Dax sits in his corner with his legs stretched out in front of him, like he's relaxing in a sauna, calmly nodding at his trainer. One minute and 27 seconds into the ninth

round, Irwin backs again into the ropes. Dax wraps Irwin's head back with a left, and then another right hook in Irwin's angled eye. With that, the referee steps between them and waves his arms in the air, bringing us and to the onslaught, and to Billy Irwin's career. It is a technical knockout, the first he has ever suffered.

As Irwin climbs down from the ring, the camera swims around Dax. Clemens waves around Irwin's hand. "You fought a good fight," he says, and says a finger to his chest. "What you've gotten there, you can't catch." Irwin just thanks him and waves along the way down his stairs. He blames his lack of power on fingering off his world, and insists he won't hurt any of the 236 punches he took in just over 25 minutes of mayhem, but surely that's just pride talking. A reporter asks what he'll do now. "I'll go raise my family and go back to work," he replies, with no hint of regret.

AN HOUR AFTER the fight, we're in the corner backstage lounge area, where Irwin wants to rest. With his eyes closed, reduced to a puffy purple dot, he says, "Sorry." I'm stunned, and finally tell him I don't think he has anything to be sorry for. He shakes his head again and says, "It wasn't meant to be." "Then he looked very annoyed and says, "Just try to be positive, okay?"

It's hard to be upbeat about watching a man take the beating of his life at the very moment he most wanted to shine. It's hard not to focus on the merciless cruelty of the sport. But that's life, that's boxing, and Irwin knows that better than most. He only lost one of his disappointing titles who believe in him, of being remembered as a loser. But the one who won't be that one. Billy Irwin could be left with that image Irwin walks away with, with his face intact, accepting the way it will turn out, without bitterness or complaint. And as one of the two fiercest Canada has ever produced.

**'SORRY,' he tells a reporter. 'It wasn't meant to be.' He looks at the notepad and says, 'Just try to be positive, okay?'**

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**IN THE FANTASY WORLD** of American pop culture, the Oscars are the final destination, Hollywood's version of the afterlife. And this year it looks a lot like *Neverland*. I'm not just talking about *Finding Neverland*—the J.M. Barrie biopic that's nominated for seven Academy Awards, including best picture. All the nominees for best film are tales of characters trapped in eternal childhood. Leading the pack with 11 nominations, Martin Scorsese's *The Aviator* makes a romantic hero of Howard Hughes, a brilliant-but mad boy who treats the world as his toy box. Clint Eastwood's *Million Dollar Baby*, up for seven awards, is about

a lonely boxer, a pugilist Peter Pan fighting to impress a surrogate father played by Eastwood. She's traumatized by her disapproving Southern childhood, just as Ray Charles is traumatized by his deaf poor Southern childhood in *Ray*, which has six nominations. Then there's *Sideways*, with five—come think of our last boys looking for *Neverland* in California's Santa Ynez Valley. At a time when America's reality is war and its fantasy is freedom, the Academy has chosen to honor a slice of pinnacles about characters engaged in transcendent denial and in lacking with Oscar's role as a savior.

nominations for director, actress and original screenplay. And *The Merchant of Venice*, which wrestles with anti-Semitism, was conspicuously shut out, despite gorgeous staging and Oscar-level performance from Al Pacino, Jeremy Irons and Lynn Collins.

This year's most talked-about movie went also snubbed. After declining to compete in the documentary category, Michael Moore failed to get a best picture nod for *Fahrenheit 9/11* (by now, everyone must feel he's old news.) And the Academy downgraded Mel Gibson's *The Passion of the Christ* from gospel to spectacle, with nominations in makeup,

his own hair. Set in the stuffy mean streets of downtown L.A., *Babel* is a boxing movie. And unlike Scorsese, who portrayed the violence of the ring with brutal editing in *May Be in Paris with You*, Eastwood delivers the fight scenes with long, unornamented takes.

Scorsese is overdue: He's never won an Oscar, while Eastwood has won for *Unforgiven* (1992). But while *Marty* nominates Old Hollywood with *The Aviator*, Clint insurance: A year after his *My Darling Clementine* was acquired with almost reverence, he was being conceived as the new John Ford, an honest craftsman who can do no wrong. Eastwood is also the one director legend—besides the defuncted Woody Allen and the still Warren Beatty—who is a star. And for his role as *Babel*'s gruff trainer, he has a nomination for best actor, just the second in his career.

In that category, however, Jamie Foxx has the momentum. One of our nominees playing real-life characters, he inhabits the role of Ray Charles with an insouciant acme



The Aviator seems destined to win, but *Babel* delivers old-fashioned sentiment.

candidate (Big Hollywood movies with juicy female roles nominate him). Inside Stanton (Vera Drake) and Candice Carroll Moreno (Marie Perle of *Grave*) both achieve a best-writing emotional nod in modern films. My favorite is Kate Winslet, for her most crucial turn in *Elizabeth: The Young Queen*. But it's a contest between *Babel* and Hollywood royal Anne Hathaway—who delivers a comic out-of-control performance in *Mean Girls*, a Canadian movie produced by Robert Lantos.

The three Canadians nominated all work behind the camera. Paul Haggis, writer and co-producer of *Million Dollar Baby*, a sports best-adapted screenplay. But Haggis, who created TV's *Over the Hill*, faces tough competition from Alexander Payne's *Sideways*, which feels more Canadian in its amiability. Then there are two short co-produced by the National Film Board. Director Hubert Denon is in the run-

# OSCAR'S TRIP TONEVERLAND

Nominees for best film all glorify overgrown children

in a ritual of self-congratulation, all the best-picture nominees are essentially shambles fables. They celebrate a mogul, a singer, a boxer, a playwright—and even *Sideways*, the low-dimensional of the nominees, is obligatorily about the life. In *Neverland*, a middle-aged nerd and failed novelist who somehow will get the girl, and she's a babe. No wonder it was the year's best-loved movie among film critics, who tend to be middle-aged nerds and failed novelists. (And yes, I liked it.)

Among movies actually about something larger than the ego of their protagonists, the most widely overlooked is *King*, which scored just one nomination (for Laurence Fishburne as supporting actor). Although *King* is a tale of social revolution, and oppression, during the '60s and '70s, it feels too pertinent to contemporary America's culture war. And no movie offered a more complex protagonist than Laurence Fishburne's Alvin Karpis. But then Mike Leigh's ruminating *Vera Drake*, whose heroine is an abortionist, was doctored unwisely for best picture, despite

cinematography and original score. Moving on to the winner's circle, the real contest is between *The Aviator* and *Million Dollar Baby*, and their two iconic directors. *The Aviator* is the favorite. As an open-ended ode to Hollywood, it seems almost designed to win Oscars. Pulling out all the props, Scorsese practically turned himself into Steven Spielberg in an effort to make a boy in action hero of a soulless billionaire—who could just as easily have been portrayed as a gangster in one of Scorsese's earlier films by contrast, with *Million Dollar Baby* that would often surely, old-fashioned exercise material. But he's challenging Scorsese in

of mosaic he seems unable to switch off. After his recent acceptance speech at the Golden Globes, Foxx was virtually channeling his late and singer, and it's hard to imagine the Academy not wanting to see him (unless that power on the Oscar stage Leonardo DiCaprio also a contender, having defied skeptics with his compelling new drama of Hughes). But Hughes is a dubious hero, and viewers tend to confuse actors with their characters—which means Don Cheadle has a shot for his role as a warner and general in the heart-racing *Hotel Rwanda*. As for Johnny Depp, he's a brilliant actor, and always a pleasure to watch. But he seems most unlikely to win for his impressive performance in *Peter Pan* creator J.M. Barrie. In *Finding Neverland*, Depp connects with such extreme composure it's as if he's trying to induce a character who's in earnest danger of ascending into sainthood.

Among the best actors nominees, the whole field is strong. Curiously, just one, *Babel*'s Hilary Swank, runs as a best-pictur-



ing for his first film, *Neverland*, a personal documentary about growing up as the third son of an Oscar-nominated actor who falls from grace—often the most telling reminder that the gold-plated salad guy with the sword between his legs is a fiddle god. Whether you're talking about Howard Hughes, Ray Charles, J.M. Barrie, the boxer in *Million Dollar Baby* or the Canadian who draws a cartoon path to Hollywood, fame is childhood pursuit, a steady flight to Neverland. Barrie's *Peter Pan* begins with the line, "All children, except one, grow up."

Call him Oscar.

**IT'S A DUEL** between Scorsese and Eastwood—Marty romances Old Hollywood in *The Aviator*, while Clint incarnates it



**DEBBIE THOMAS**, who's known Michael Biebl for eight years, since they were hairin' and singing in a rock 'n' roll revival show at Vancouver's Arm Club Theatre, is still adjusting to the wild arc of her boyfriend's career. There were times during the past two years of his relocation world tour when he couldn't sleep outside or go to the bedroom without a security escort to keep female fans at bay. What's a crooner without swooning women? "What?" she says to him when he tells these stories. "Biebl?" She's sitting on the couch, in the Burnaby home of Biebl's grandparents, where the music really began. She croons dark riffs from a strikingly beautiful face. It's not always easy, she concedes. "I have my moments. I think the lucky thing is we've known each other for so long. He's good. He makes

an effort to make sure I know it's all good."

That effort included *Time/Space* (143 Records), to be released on Feb. 8, as time for Vancouver's Dayz Biebl calls it "Debbie's record." It's the follow-up to his debut CD, *Michael Biebl*, a collection of standards that's sold an impressive three million copies and made him a hot international property. The endless touring also, for a time, broke up his relationship with Thomas. *As Time* is about putting things right. The CD is intensely personal and more unfettered than the tightly controlled, super-slick stylings of his first CD. Two of its most affecting songs—the Leon Russell classic *Song for You*, and *Home*, an aching, lonesome lament co-written by Biebl—are like eavesdropping on intimate conversations. "A few of those songs, I just snuck her outside the studio," he says of Thomas, "and I sang to her."

The standards ring true to 29-year-old Biebl; they aren't a shock or a passing fad. The fact that his records are selling, that Rod Stewart is singing the *American* song book, and the music of Bobby Darin, Ray Charles and Cole Porter are all featured in recent film biographies, is a bummer for quality, in his view, not a flirtation with nostalgia. Most musicians his age make a virtue of edginess and risk, Biebl talks about the comfort he found in a boy in his grandfather's old records—songs with a voice and clever lyrics and sweet melodies. "I think people feel like the world is going to shut," he says. "That doesn't sound like a really eloquent way of saying it, but you turn on the news,

it's scary. I don't think people really feel the need to escape that."

Following Biebl around his hometown house is as he prep for his album release in the chasing lightning conversations that began in a Vancouver hotel room routine around a table groaning with food at his grandparents' and, finally, in Vancouver's historic Gastown, where he grows through a new fish sandwich in Bryan Adams' recording studio. The building is a lovely mix of high-techology, ancient beams and exposed

**WORKING** with producer David Foster again, the singer has gone for a more vibrant, less 'porch' sound

brick. Adams (who shares manager Bruce Allen with Biebl) took the skin of an old warehouse and filled it with new purpose. Biebl approaches old songs the same way. A piece written by Geremia in the 1930s is relevant now, or 200 years from now, he says. "He's talking about love. He's talking about romance or hope. He's talking about heart, about heartbreak."

Play back a quote like that and Biebl sounds like a young guy. Not every who's seen his electric stage presence would agree. "Michael Biebl has 'suspense' stamped right through here," jured London's *Sunday Times*. "He croons like Sinatra and drives



Biebl got into two...  
—after he found  
in a day in his  
household records

women wild." "Sings and swings in a very modern version of Frank, Dino and Sammy," gushes Ian Smith, the grand dame of *America* song group. Not bad for a guy who, three years ago, was a no-name kid, singing standards to dead they'd be laughed out of pop music heaven.

His first CD was released in 2003 without benefit of a music video or an obvious radio hit. It climbed the charts in at least 15 countries—he's toured most of them—from the Philippines to South Africa, the U.K. to the U.S. It's gone double platinum in Italy, Canada, and quadruple in Australia. *As Time* comes with three music videos, and for more attention, Evan Lau "Molly" Meldrum—Australian television's premier pop guru—has flown halfway around the world for an interview. Meldrum, sitting from his last fall of *Viva* *Viva* applied against the selection. *As Time* cover story, it also brings a special to coin side with its release.

Biebl acts off his international touring schedule. "If you can imagine, I never left North America until a few years ago—these are places I saw in movies," he tells Meldrum. "It blows my mind that you've flown from Australia to my hometown to talk to me," he says, looking way less modest than his smokes' stage persona. They're just back from the docks in nearby Richmond to film about *Winning Edge*, the filmmaker belonging to the singer's father, Lewis. Biebl worked long summer shifts on dad's salmon boat, swimming by himself in the wharfedown, bedounging Denis, Sinatra, some Harry Connick, Jr.

Young people are chasing the standards as their own, Meldrum says later. "He's opened up a whole new young audience to these songs." It helps, too, Meldrum adds, that Biebl's great set of pipes is backed by some exceptional friends. By now, most Canadian fans know the story. Biebl, after

# BREAK OUT THE BIEBLÉ

The world's ready to embrace a second CD from a Canadian crooner

10 years of scrapping by in lounge and music reviews, sang at the wedding of Brian Mulroney's daughter, Caroline Mulroney, the old roommate, introduces him to wedding guest David Foster, the Victoria-born, Los Angeles-based singer-producer with a nose for commercial success. Foster brings countryman Paul Simon on board. Stuffed Vaseline manager Thelma Allen adds Bublé to his stable. Bublé sing, back bang, back boom... he's selling out concerts, moving product, melting female hearts around the globe.

Bublé spreads cheer for his career (and soul), but always the nice guy at the family home of his grandparents, in Island and Minto, B.C. Today, British Columbia magazine is shooting Bublé there and Minto's vintage album, the Mills Brothers, Engelbert Humperdinck, Sinatra and Dean Martin. There was a girlfriend, says Minto, who has no tolerance for prima donnas. While his 18th birthday was learning to Michael Jackson or AC/DC, "as a grandpa's niece that stepped into Bublé's world."

Minto is pouring his home-made red from a crystal decanter to a growing cast of characters: reps from Bublé's parent label, Warner

Bros. Records Inc., his management team, a photographer, a makeup artist and assorted family members. Michael is carrying around his two-year-old nephew O'Shea like a prize trophy. It's a photo shoot with all the magic energy of a family reunion. Minto, 77, and a wife hit hard of hearing, sits next to the couch. He's open and friendly, and so close to his grandson it seems they're

**BUBLÉ has opened up a whole new audience to the standards, which he sees as romantic escape from a scary world**

living the same dream. It was grandpa, a retired glazier, who often drove Bublé to local lessons, who'd sometimes drive a free plumbing job to local nightclubs, if they'd put his grandson on stage.

Bublé phones regularly from wherever he is in the world. They rarely talk about Bublé's career. At the moment, they're a two-person support group going through hockey with-

drawal. He accompanied his grandson on part of his 16-city tour of Italy. It was exhilarating and scary at the same time, he says. "It's scary is just too tough," he says. "It's a hard-working kid. My God, I can't believe how hard." He watches for any of the signs—be it drugs, high living or other risk-taking—that often seem the price of infatuation to slaying the music of that era. So far, so good, he says. "This budding aspirer, but she's not been charged from day one."

A few days later, Bublé laughs off Sagan's fears of burnout. "It's not to talk, working too damn hard. You know that house we were in," he says. "He built that with his hands. Listen, I'm not working half as hard as he did, or any father does."

For all that, Bublé considers there were sleepless nights leading to it. "The second night I knew I had to be better than the first. I knew I had to be a little more." It's proof of his first collaboration with Foster, but a first went on, he concedes. "Theoretically, I was not impressed with myself. More than I was, I was disappointed in what I had done. Not that it was terrible, or that I had ripped someone off. I just thought I could have sung this record so much better."

This time, it was Bublé, not Foster, who picked most of the songs, and the songs, Foster, a perfectionist, built the words for Bublé's first CD a word or phrase at a time from multiple takes. This time Bublé wanted to recreate the energy of live performance. "I'd rather be flawed than to have it so goddamned perfect, but it was a dead way."

Most of all, he wanted to believe what he sang. So the CD goes with a ranchy new edition of Pachelbel, because, damn it, he's the song says, the sunbeams and birds are flying high. Who knows how long that feeling lasts? He wonders about that sometimes, like when he's playing in the roped-off celebrity section of a big night club. "God this is a fantasy," he says. "In 10 years from now, in five years from now, not only may I not get to sit behind that red rope, they probably won't even let me in the club."

What can he say, any crooner has to believe, in love. That's why, on a melancholy day in Italy, he started to write *Howe*. It goes a little like this: Boy loses girl to his man of the road. Boy comes home, gets girl back. Sure, it's a lot of songs, that story, but this one is theirs. And sometimes now, when Debbie Thomas hears it, she doesn't even cry. ☐



## I CAN SAY WHATEVER I WANT

Frustrated and ashamed of my stutter, I learned to speak all over again

USING THE TELEPHONE is one of my greatest fears. I stare at it, think of ways to avoid picking it up, promise to my head what I'll do and say. And then they come. When I first get my cellphone, I took me over half an hour just to record a greeting. And I've never had the nerve to order a pizza for delivery.

I stutter. It's not the result of stress (although that can make it worse), a childhood trauma or brain damage. Stuttering is a genetic neurological disorder that affects about one per cent of the population, or about 323,000 people in Canada. My entire life has been

shaped by my inability to articulate my thoughts with ease, to that with friends, to love a voice and message—the kind of raw words that most people take for granted.

But after 17 years of struggling with my condition, I was absolutely determined to improve my verbal skills. In October, I began a 12-month Precision Fluency Shaping Program at the Stuttering Centre of the Speech Foundation of Ontario ([www.speechfoundation.org](http://www.speechfoundation.org)) in Toronto. Based on the theory that stutterers can

learn to modify their speech patterns, the program teaches eight techniques that alter the mechanics of talking, such as rapid breathing and drawing out the first articulation of a word. (Think "doo," for instance, the focus is on the "o" rather than trying to force out the "d.") Program participants are assessed before and after three weeks of full-time instruction and then take part in follow-up sessions throughout the rest of the year.

I was extremely nervous on the first day of class. Other than my only sibling, my younger brother Gary, I'd never encountered another person who stuttered. Suddenly, I was a normal person to others just like me. The sense of relief inspired me—it was overwhelming to realize finally wasn't alone.

A lot of people—even those of us who stumble over words—are poorly informed about stuttering. Stutterers often feel awkward and embarrassed, but no matter how hard they try to hide their disfluency, it shows. That, in turn, can make the speaker more anxious—and the situation more pronounced.

With consistent practice and drills. During this period, I became more confident and my confidence increased. My jaw, throat and vocal chords ached because I was using muscles I'd never used before. Small wonder. My speech-language pathologist said it was the equivalent of learning a whole new language.

Still, I've had to come to terms with the fact that, however hard I work at reorganizing it, I will always stutter. The new way is my ability to control it, to maintain the unconscious I've made and apply the program to lessons to my everyday life. That's a challenge, especially now that I'm back at work. In a

smaller setting with established routines and relationships, it's tough not to revert to my old habits of speaking so fast, and choosing easy words instead of those I really want but fear I got out, a coping skill known as disfluency. Now, whenever I open my mouth, I pause and focus on the techniques I learned, starting with taking a deep breath.

Of course, the real story is that even though I studied print journalism, I've ended up working in the broadcast business. Here, everybody, not just co-workers, but even my family, has a working knowledge of my condition, and the pressure to communicate quickly and precisely is intense. It always seemed I'd have a better chance working for newspapers or magazines, because I don't trip over words in my writing, only when I'm saying them aloud. Writing has always given me the freedom to express myself that others have verbally.

Finishing this job was no small feat. Whenever I was called in for an interview, I was so nervous that I couldn't even get the most basic questions. But I could always tell when my stutter really put the interviewer off and, right away, I'd know that I'd never get the job.

But I was lucky. I finally had an interview with a man who saw beyond my stutter—he actually looked offended when I stuttered. When a word was a problem? My co-workers are exceptionally understanding and have given me my first real chance to be a member of a team. I'm hooked on the program for me, but also for them. I wanted to become a stronger part of that team.

It's well on the way. When I was videotaped speaking that first day of class, I stumbled over a whole lot of the words, a step from the last day when I started just once. I continued to practice every day. And I already know what it's like to be going on and on and on. ☐

Stutterer Zalitzak works at CIBC World Television in Toronto. To connect: [overmyteeth@me.com](mailto:overmyteeth@me.com)



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## When 16th-century burial rites don't turn you on, try casual sex

Marche, it beehives first-time novelist, offers up an urban love story

Stephen Marche peppers his conversations with quotations from some of the greatest thinkers of all time. Odd for a 28-year-old, but not for an English Ph.D.—Marche defends his thesis on 16th-century burial rites at the University of Toronto near month before that, he's relishing the release of another project, his debut novel—likewise aptly titled *Leonard Cohen*. “I loved beautiful letters but I don’t really see the link,” says the Edmonton-born author. “There are Jews and less of sex in my book, but that’s where the companion made.”

Actually, *Raymond and Hannah* is unique. No chapters divide the 207 pages, and Marche’s choppy writing style and marginal notes guide the reader through a long distance love story, set in Toronto and Jerusalem. Religion and casual sex are at the book’s core. Depressed on the latter, he notes, are skewed in many of the 16th-century authors (as pointed out as “Casual sex is always presented as deadly,” he says). “Monstrous horror movies always attack the couple in the bedchamber. It shouldn’t be as loaded. In real life, casual sex is often the first step toward love.” JOHN INTINI

Marche’s debut, “making all the hallmarks of Leonard Cohen’s letter-memo style,” says Intini, “is a real triumph.” —Quill & Quill

## BUZZ LIST

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Q. Grammy all-around size compiles that the entire film industry is in the “freak-house” zone, making those of words after all his talent time in *Meet the Fockers*.

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Q. This pop star all-around size compiles that the entire film industry is in the “freak-house” zone, making those of words after all his talent time in *Meet the Fockers*.

**CHRIS ROCK AND CHRIS ROCK**  
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Q. The best all-around size compiles that the entire film industry is in the “freak-house” zone, making those of words after all his talent time in *Meet the Fockers*.

### MOVIE STUFF

Q. *Wonder Woman* Star... Q. *Wonder Woman* Star... Q. *Wonder Woman* Star...

## Review | GO SAVE YOURSELF FROM



Christina... Q. *Wonder Woman* Star... Q. *Wonder Woman* Star...



Christina... Q. *Wonder Woman* Star... Q. *Wonder Woman* Star...



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## Top 10 | Too bad Carnac the Magnificent didn't procreate

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## Billy Idol finishes John Intini's sentences

Billy Idol's famous sneer doesn't have the same impact now that he's transparently middle-aged. But that isn't stopping the LA-based punk rocker (who beat a drug addiction and raised two kids during the 30 years since recording an album) from releasing devil's playground-themed music. And, recently finished *Idol* magazine assistant editor John Intini's sentences

THE BIGGEST MISTAKE I MADE ABOUT MY KIDS is that my 16-year-old son Will is going to have a bigger album than me one day. He just played it to the dog with his hand. They're not going to like Billy Idol. He's more into Radiohead.

I MATCH A LOT OF... the old western

movie channel. It's all the same crap I loved when I was seven. **CRUISED AT MY AGE**... (sings all old shows and songs) **REMB A BOY SCOUT**... taught me nothing about the outdoors, was kicked out when I was 17 for kissing a girl, and even though my mother did a lot for the scouts and the church, they would get him back in when Christmas is that? **I STILL GET ANGRY**... about having to break through all the packaging when you buy a CD. And who said CDs are indestructible? At least old records played through the scratches.

FOR MORE "JOHN INTINI'S SENTENCES" VISIT [WWW.MACLEANSLCA.PEOPLE](http://WWW.MACLEANSLCA.PEOPLE)

THE **RANGERS**, which took the world by storm, gave *Lawrence* and *McNally* more visibility, including a worst actress nod for Halle Berry. Alexander was second with six

## Books | Sex, race and law before the war

In 2006, *Woman Doctor*, an 11-year-old white woman, and her lover Henry Yip were having breakfast when two police officers arrested her. As her mother innocently details, Deborah's crime was living with a Chinese man, the father of her unborn child. Her sentence was 10 months' hard labor in a reformatory facility, accompanied by obsessive medical treatment and the temporary appearance of her child. According to all this, it's astonishing to contemplate it happened in Toronto from 1912 to 1914. Deborah evoked the 1997 *Isabella* hit like a club.



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## Best Sellers

Fiction	WEEKS ON LIST
1. <b>A COMPASSIONATE MURDERER</b> , Michael Dorris (D)	2
2. <b>THE LAST DAYS OF DISSENT</b> , John Edgar Wideman (D)	2
3. <b>THE END OF THE LINE</b> , Stephen King (D)	7
4. <b>THE BRIDGE</b> , John Grisham (D)	1
5. <b>DAVE OF THE NORTH</b> , Michael Chabon (D)	1
6. <b>BRANDS OF MEN</b> , John Grisham (D)	1
7. <b>BRANDS OF MEN</b> , John Grisham (D)	1
8. <b>THE LINE OF BEAUTY</b> , Lisa Thompson (D)	1
9. <b>THE LINE OF BEAUTY</b> , Lisa Thompson (D)	1
10. <b>ALL THE WAY DOWN</b> , Stephen King (D)	1

## Non-fiction

1. <b>CRUISING</b> , Michael Dorris (D)	1
2. <b>CRUISING</b> , Michael Dorris (D)	1
3. <b>CRUISING</b> , Michael Dorris (D)	1
4. <b>CRUISING</b> , Michael Dorris (D)	1
5. <b>CRUISING</b> , Michael Dorris (D)	1
6. <b>CRUISING</b> , Michael Dorris (D)	1
7. <b>CRUISING</b> , Michael Dorris (D)	1
8. <b>CRUISING</b> , Michael Dorris (D)	1
9. <b>CRUISING</b> , Michael Dorris (D)	1
10. <b>CRUISING</b> , Michael Dorris (D)	1

1. Weeks on list  
Compiled by Maclean's

John Intini | ON POP CULTURE



## Not exactly the stuff of legends

Celebrity culture is so trashy and disposable, will anyone be remembered?

JOHNNY CARSON'S DEATH makes you wonder about the current state of celebrity. In 50 years, who among today's stars will be remembered as a legend after they die? Scanning magazine covers or watching on television news often hints help narrow the field. That's because earning notoriety from reality TV or a high-profile court case doesn't count towards greatness. Being remembered for your genius is cool. Being remembered as a joke—not so cool.

Many people fascinated by the rich and famous these days look scandal and gossip. The trouble is the better. And why, this perfidious era for a good celebrity crisis which (a daily coverage of Lindsay Lohan's late night partying) pen has emphasis on real talent. California have become easily disposable, making it rare for anyone to survive long enough on the media to achieve a career worthy of legendary status—Madonna and U2 are two exceptions. Of course, killing yourself in your prime is one way to spend the process, but thankfully few want to turn Carson's money and selfish way of life.

And celebrity culture has a certain irony that few celebrities know when pompous of the spotlight—spies to generating their own legend, and something Carson's descend. Many turn their careers by hanging on too long, accepting any rules available. That's right, Robert De Niro—I'm talking to you.

There there are those high profile celebs who seem destined for greatness but simply self-destruct.

Nobody has done famous to infamous better than Michael Jackson. The King of Pop could easily have gone down in history as one of the greatest, even if he'd stopped making music after Thriller and gone into baking at the Neverland Ranch. But he didn't. And it's in his courtroom troubles, the tone fallow line is not the first thing that comes to mind when you think about Michael.

The world of sports has also been tainted. In the last five years—making the development of new living legends all the more difficult. Sure, there have been a fair share of greats—from Michael Jordan to Wayne Gretzky to Tiger Woods—but his storylines, lookouts and dogging have taken a toll on fans. Take Jerry Bruns, for instance. He's possibly the greatest home run hitter in baseball history, but he's not the best performance-enhancing drugs will, at least in the minds of parents, put an asterisk next to his name as Cooperstown. Hank Aaron, they'll say, didn't need steroids to hit 755 homers. So, although it may sound strange, it's conceivable that in 2035 the most remarkable celebrity from present-day life, TV, music and sports could end up being Tim Lincecum. Think about it. He's made people laugh for 18 years, never had a scandal threaten his career, and will live on forever in syndication. And since he never ages, he'll even be around to star in his own biopic.



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## Money's Worth | Bank fees

### Saving pennies adds up

Bank account looking a little empty right now? One often overlooked way to save money is to reduce your banking service fees. It's easy to ignore a \$1.50 charge per month and add a \$5 one the next, but those dimes and drolls add up. For an accurate picture of your annual costs, tally all the fees on your last statement and multiply by 12. If the answer is "ouch," it's time to look elsewhere. There is a wealth of service plans,

so be sure to compare apples with apples. For convenience, we devised a profile of a typical customer and sent the details to Canada's four largest banks and a popular internet bank. We asked them to recommend the plan with the lowest total cost for Mr. Median, who's 35, keeps a minimum balance of \$750 in her chequing account and makes 33 transactions a month, including one withdrawal from another bank's ATM\* and eight from her own bank's machines. We also asked what costs she'd incur in the proposed plan for some services many people use only occasionally. **PATRICIA TESSIER**



## What's in Store

Many banks will waive service fees if you maintain a specified minimum balance. If Ms. Median kept \$1,000 in her account, the Citibank Bank, for instance, would waive its \$6 monthly fee. Keeping the extra \$250 saves her \$96 a year, the equivalent of a 38.4 per cent interest rate.



**THE VERDICT:** With so many different plans, choosing the right one can be difficult. It pays to shop around—and read the fine print. Or let Online's online calculator help. Or let Online's online calculator help. Or let Online's online calculator help. If comparing service plans for 34 individuals, just tally up your requirements and plug in the numbers.

**OUR PICK:** Although Citibank Personal Life 360 is not strictly the lowest option, the bank of New Scotia has the best deal.

	PLAN	RANK MONTHLY FEE	INITIAL CHARGES	ACTUAL MONTHLY COST	YEARLY COST	OTHER FUNCTIONS
CANADIAN IMPERIAL BANK OF COMMERCE 1,884 branches, 4,256 ATMs	Unlimited Chequing Account	\$12.65	Use of another bank's ATM: \$5	\$15.15	\$181.40	Overdraft protection: \$5 per cent annual interest rate on overdraft balance for the month \$500 bank draft: \$5
PRESIDENT'S CHOICE FINANCIAL INC. (SCOTIABANK) 217 ATMs**	No Fee Bank Account	10	Use of another bank's ATM: \$5	\$5	\$36	Overdraft protection: \$440, plus 13 per cent annual interest rate on overdraft balance \$500 bank draft: \$7.50 per month
TD BANK-DOMINION BANK 1,095 branches, 2,887 ATMs	Active account	\$11.95	<b>TIP:</b> When you make a debit card purchase, being asked to allow you to debit your cash for an off-network charge sends you an ATM fee.	Use of another bank's ATM: \$5	\$14.45	Overdraft protection: \$5.25 per cent annual interest rate on overdraft balance \$500 bank draft: \$5.50
BANK OF NOVA SCOTIA 951 branches, 2,526 ATMs	Basic Banking Plus	\$9.50	Withdrawal of money from another bank's ATM: \$5	\$4.50	\$102	Overdraft protection: \$25 per cent annual interest rate on overdraft balance or \$5 fee, whichever is more \$500 bank draft: \$5.50
ROYAL BANK OF CANADA 1,338 branches, 4,000 ATMs	Signature Plus Account Plus the Medium option	\$6	Withdrawal of money from another bank's ATM: \$5	\$5	\$98	Overdraft protection: 25 per cent annual interest rate on overdraft balance or \$5 fee, whichever is more \$500 bank draft: \$5

\*MONTHLY WITHDRAWAL CHARGES: \$1.50 PER EACH OF 3 WITHDRAWS. \*\*NO CHARGES FOR OVERDRAFTS.

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# “Unbiased Market analysis? That makes Sense.”

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Andrew Pyle, Vice-President and Senior Financial Market Economist  
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Ira Gluskin, President and Chief Investment Officer  
Gleddie Sheff + Associates Inc.

Feb 14

Risketh - Guidelines to Investing  
Cameron Gosselin, Director, Investment Banking  
First Associates Investment Inc.

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Ranga Chell, President, Chaudharn & Company  
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# THE SPECTRE OF ELECTION

The pros don't see it. But Martin and Harper can't take their eyes off it.

"IT SEEMS AN AWFUL strange election race to me. It isn't part of the government's agenda in the first place, wasn't part of the speech from the Throne, wasn't part of the platform. To be looking around about same-sex [marriage] seems to me a strange kind of concept. In February, particularly."

So said John McKay, Liberal MP for Scarborough, on Jan. 25. But here's a word to the woe, John: Better buy some new boots, just to be on the safe side.

An election on same-sex marriage does indeed seem a strange thing. But an election

on anything, sooner rather than later, is looking likelier every day.

It is only fair to tell you this prediction doesn't reflect the conventional wisdom in Ottawa. No, it's a bet against the house: all the pros look to have are convinced there'll be no election in 2006. And indeed, there are all kinds of reasons why there wouldn't be.

As a technical matter, the Liberal minority in the Commons is relatively stable, on any given day, there are no votes that put the government in any serious danger of losing confidence. Every party spent a fortune on last June's election, and Jean Chrétien's election-financing law makes it harder than usual to be fair game to raise big money quickly. The Bloc did well last year, some people are saying they may be afraid of losing seats. The NDP did poorly, some say they may be afraid of doing worse.

And yet the next election hangs there like some grubby bubble, and neither Paul Martin nor Stephen Harper can take his eyes off it.

Consider the events of a week that saw both-party leaders meeting for concussions extended recesses, Martin and the Liberals at Fredericton, Harper and the Conservatives in Victoria. They had every reason to focus on the business of government. That's a federal budget coming within a month or so. There are Liberal and Conservative conventions in March that are supposed to recon-



ceive party's stock of policies. Less than a year into his mandate, Martin should have plenty of time to put the lessons of his Liberal convention to work in a series of bold initiatives. Well, let's not aim too high: a series of initiatives.

Instead they can't stop talking about snap elections. In China, the fringed Prime Minister raised, rather discreetly I thought, about going to the electorate if his same-sex marriage bill failed. A spaced-out bear of head-batting ensued, with Harper firing Martin to go ahead and pull the trigger if he wants to face the people.

Within days, Martin was planning the slickish social conservatism in his caucus and reassuring them that he doesn't actually plan to run on a policy many intend to oppose.

This is not news to political astute, who were looking forward to an election over gay marriage led by a prime minister who

cannot bring himself to say, "I'm in favour of gay marriage." Martin seems to believe there is something shy about his policy. He carries it at a hygienic distance, as if with tongs. He defends the Charter of Rights, he says, not a massive social change that flows from it. "You can't pick and choose," he said in Fredericton. "The prime minister of the country is the prime minister of all. Can't do it. You can't pick and choose the minority rights or the fundamental rights that you're going to defend."

You mean you wish you could? But I suspect, onward. Next it was Harper's turn to embrace a snap election after Chrétien's lawyers questioned John Gossney's fitness to lead the Gossney inquiry into the Liberal sponsorship scandal. The Tories, NDP and Bloc will team up to make Martin back the inquiry, Harper said. Ever eager to make mischief, the press gallery asked: "Would the opposition parties bring down the government over this?" "We will consider all possibilities," Harper said.

Who's left? Gilles Duceppe. The Bloc leader said he'd vote against the budget, making the government's deficit, if he doesn't deem Martin to have lost his decision point. Only Jack Layton's NDP seems interested in governing, but Layton's vote cannot do much to stop the other parties if they go in a mass for cheer-leading.

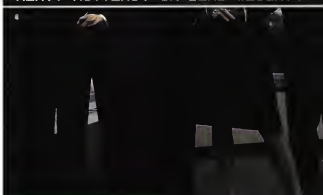
By the end of the week, John Reynolds, the Conservative house leader, had announced he won't run in the next election. Harper promptly named him election campaign chairman. I can't find anyone who can tell me what Martin's government plans to be doing in September.

In Jean Guédon's 1935 play, *La Guerre de Troie n'a pas eu lieu*, Greeks and Trojans spend two heroic acts trying to restore the Trojan War. The battle isn't anybody's secret. It comes anyway. Once leaders get in a suit, someone some comes to apply

To comment: backpage@canwest.com  
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